

**SCOMM**

**122:48**

**Commission on Privatization & Delivery of Government Services**  
**Department of Environmental Conservation Subcommittee**  
**Priority List of Recommendations**  
**December 1, 1999**

**INTRODUCTION**

On November 4, 1999, the Commission requested that the subcommittee rank the subcommittee's 35 recommendations from the final report into a priority list. The subcommittee met on November 24, 1999 to complete this task. Before scheduling the meeting, however, ADEC was given the opportunity by the subcommittee to comment on the recommendations. ADEC responded on November 18, 1999 with a memorandum which the Department grouped the recommendations into six areas.

The Department found that 21 recommendations would merit further consideration in the areas of private contracting, permit streamlining, and consolidating some functions in a single division or location. The other 14 recommendations were considered by the Department to be either in place or being actively pursued, would result in additional state expense, or were ongoing administrative or budget issues in the legislative process and do not warrant further consideration. (As a side note, the subcommittee appreciates the extra effort by the Department to review and comment on the recommendations.)

At the outset, it was agreed among the subcommittee members that it would be very difficult to rank all recommendations from 1 through 35. Instead, the members agreed to rank the top three recommendations in the general category and for each division within the Department. Nonetheless, the remaining unranked recommendations are considered noteworthy by the subcommittee. Furthermore, the subcommittee reduced the number of recommendations to 30 by combining some that were directly and closely related.

Overall, most of the subcommittee's recommendations suggested more private contracting and efficiency changes to better deliver services and reduce costs. However, a few recommendations by the subcommittee will incur additional costs to state government at first. The subcommittee felt that there were some substantial issues or concerns beyond the subcommittee's scope and timeline, which warranted further evaluation. These evaluations may identify further transferring, consolidating and efficiency changes to reduce costs. For instance, the subcommittee believed that a management audit of the Department or the comprehensive study into force account construction method for rural sanitation projects could reveal viable opportunities to privatize or change the delivery systems of ADEC services more efficiently and reduce costs.



## ***General – Department Wide***

- **Priority #1 - Management Audit of the Department Needed.** The Alaska Legislature should authorize and fund a thorough management audit of the Department. Besides looking into the Department's operations, the audit should include those items defined in Section 5 of SB 33. Also, recommendations by the subcommittee should be considered in the audit. Private companies and individuals with backgrounds in environmental issues and are familiar with the Department should also be encouraged to participate. Participation from division directors and other employees within the Department should also be encouraged. The audit could also include a review of all statutes pertaining to the Department. This would not only reevaluate the legally mandated functions to carry out the Department's duties but it would recommend any changes necessary to implement the intent of SB 33.

- **Priority #2 – Continue Efforts Towards Streamlining the Permitting Process**

(General Permits) Improve Department effectiveness by using general permits (single authorization covering similar activities in similar locations) to cover de minimus activities such as minor wastewater discharges. May require statutory changes to AS 46.03.100.

(Minimize Individual Permits) Use regulations to implement best management practices or best technology rather than issuing individual permits. This approach is used effectively by the Alaska Forest Resources and Practices Act, one of the best forest management laws in the nation.

(Self-Served Permits for ADEC Review and Approval) Establish a process whereby the regulated community, using state guidelines, prepares their own permits and certifications, then submits those draft products to ADEC for concurrence or revision. This would reduce heavy "front end" costs, both in staffing and actual costs, often claimed by the Department when initiating a specific project review.

- **Priority #3 - Pre-Qualified Contractors by Specialty is Needed.** Specific criteria should be developed and implemented to obtain a pool of qualified contractors for different services that may be contracted for by the department. This could include past performance, adequate bonding, professional qualifications of the personnel employed, etc. and would enable the Department to simplify the contracting process, and shorten the time necessary to obtain a qualified contractor for services needed.

### **Other Recommendations**

- **Use More of the Travel Budget Dollars For Public Assistance Visits.** Reallocate travel saved by curtailing travel expenditures for general meetings, conferences, seminars, and workshops to perform more regulatory functions to owners and operators of utilities. Oftentimes several

ADEC employees travel from Juneau to Anchorage or vice versa to attend the same meeting or event. Travel for "customer service" i.e. regulatory activities such as site inspections should be emphasized.

- Prioritize Environmental Issues and Problems. Alaska's most significant and pressing environmental issue and problems should be prioritized to ensure that limited resources are most effectively used. Effective management of federal environmental regulatory programs on Alaska should be a top priority. Although ADEC is an Executive Branch department, legislative establishment of priorities may be appropriate in this unique case.

- Writing Regulations

(Mitigate Excessive Rulemaking) The legislature should prohibit unnecessary and redundant rulemaking by the Department. For example, there have been two recent separate major revisions of the same solid waste regulations and the reason given is that "fine tuning" was necessary. A rulemaking process is expensive and creates uncertainty for the regulated community.

(Ensure Legal Standing of Regulations) Improve Department effectiveness to the regulated community by ensuring that regulations and permits offer legal certainty and do not subject the community to frivolous lawsuits. The Department should, if necessary, provide recommendations to the state legislature.

- Contract Requirements. All contracts written for services to be contracted out, which are currently being performed by DEC employees, should require performance references and or bonding to insure accountability.

### ***Divisions of Administrative Services/Statewide Public Services***

- Priority #1 - Transfer Public Information Officers Positions and Associated Programs to Division of Statewide Public Service. All employees of DEC that are classified as information officers, or whose work involves press relations or public information, should be transferred to the Division of Statewide Public Service. The Public Information and Information Systems programs, currently in the Division of Administrative Services, should be transferred to the Statewide Public Service Department.

Consolidation of all information and public assistance services into one division will allow more productive and efficient use of personnel. It will also allow the Division of Statewide Public Service to return to the "public service officer" concept in order to assist small businesses and individuals with a "one stop shopping" approach for all the divisions in the



Department. Creating Public Service Officers to expedite individual and small business needs with all divisions would enhance public confidence in the Department.

The public service officers could be Department employees, or contracted out to individuals with knowledge of Department functions and regulations, and experience in the permitting process. This option to privatize would be especially useful in remote locations, especially those off the road system.

Other benefits derived from this consolidation would be to allow the other divisions to concentrate on their specialized areas of expertise, such as science, engineering and technical work particular to the respective divisions. The Administrative Services Division would retain only functions relating to Human Resources, Financial Services and Budget Services.

This consolidation need not increase the number of programs in the Statewide Public Services Division. Transferred programs from the Administrative Services Division could be accomplished by enlarging the Community Assistance and Information Program currently in the Statewide Public Services Division.

### ***Division of Spill Prevention and Response***

- **Priority #1 - Privatize Low to Medium Priority Contaminated Site Cleanup.** ADEC should proceed with evaluation of the feasibility of implementing a program similar to the licensed site professional (LSP) program in force in Massachusetts. Similar programs are in place in Ohio and Connecticut. ADEC has developed regulations in the area of risk-based cleanup standards and a Voluntary Cleanup Program (VCP) that are a sound foundation for development of an LSP program. Development of such a program can aid the private sector with enhancing property transfers, property development, and faster site cleanup resolution. However, development of such a program is necessarily a public process that involves the regulators, the regulated community, insurers, lending institutions, and certainly the professional consultants.

Liability with respect to ascertaining site cleanup and regulatory adherence are foremost in the minds of the professional consultants. Formulation of an LSP program would require an LSP association of professionals, LSP board licensing and examination, and code of professional responsibility. Furthermore, it may take several years to design, revise, and implement a fully functional LSP program. Massachusetts began its program in 1992 and took over a year to promulgate LSP regulations.

Although in favor of evaluating the prospect of an LSP, due to the relatively small number of contaminated sites in Alaska versus lower 48 states with LSP programs and the propensity of low and medium priority sites to be small in extent, a cost benefit analysis should be

performed. This analysis could also evaluate the practical performance and merit of ADEC's existing voluntary cleanup program (VCP). Perhaps by adding or enhancing incentives to the VCP, progress can be made to remove low and medium priority sites.

- **Priority #2 - Rescind Sunset Date and Privatize Board of Storage Tank Assistance.**

The Legislature should rescind the sunset date for the demise of the Board of Storage Tank Assistance. Further, the function of the Board should be privatized to serve as an appeal board for the private sector to seek resolution on conflicting issues with the Department. In addition to resolving disputes between the ADEC and the regulated community, the Board would review cleanup allowable technologies and serve as a board over the licensing of professionals working on low and medium cleanup projects proposed for privatization. In addition, the role of the Board should be expanded to include appeal services in additional programs in SPAR (such as aboveground tanks) and possibly other divisions where an appeal process would be helpful to the regulated community.

- **Priority #3 - Plain English Guide to Contaminated Sites Needed**

(Contaminated Sites SOPs Needed) SPAR should establish standard operating procedures for dealing with contaminated sites, designed to be user-friendly and understandable manner. The standard operating procedures should include providing property owners with a checklist to accomplish clean up and a "no further action" letter if it is completed successfully.

(Site Assessment and Risk Based Clean Up Model Needed) A model or template with examples of site assessment and risk based clean up plans should be developed and made available to the public. Every effort should be made to streamline this process so those private property owners can direct their resources to actually cleaning up the contamination.

### **Other Recommendations**

- **Allow More Flexibility on Specialized Staffing Requirements for Small Firms to Compete on Term Contracts.** Currently, term contracts for the investigation and cleanup of contaminated sites require consultants to have on staff employees with a wide-range of expertise. This requirement includes specialized experts (such as toxicologists) which in effect limits or restricts the hiring of small professional Alaskan firms. The large national firms generally have specialized expertise in their Lower 48 offices. Typically less than 5 to 10% of the work on the term contracts is performed by specialized experts, while over 90% of the work is performed by non-specialized experts (environmental scientists, hydrogeologists and engineers) who are usually on the staff of the smaller Alaskan firms.

The Request For Proposals (RFPs) solicited for term contracts oftentimes penalizes or discourages the award of contracts to small Alaskan firms who may have most but not all of the expertise on their staff. The Department should amend this situation by eliminating the



penalty in the RFPs and encourage the use of small-qualified Alaskan firms. Also, the RFPs should provide incentives for the professional firms (large or small) to subcontract out the specialized expert services.

- **Change Timeline for Contaminated Sites Remediation Program (CSRP) Project Budgeting.** Since the State of Alaska fiscal year (FY) ends in the middle of the Alaska field season (July 31) and funding approval for projects is not secured until after that date, as a contractor we encounter hurried field mobilization efforts. These hurried efforts often meet with difficulties in procuring subcontracted support services, including drilling, surveying, and analytical services. Project planning is also sometimes compressed into short difficult time frames. As such, one concern is that project cost estimates encounter higher mobilization and logistics costs. If project planning budgets, for example work plans, could receive funding in the FY prior to planned implementation, then ADEC CSRP project costs may benefit from prior planning and "economy of scale" mobilization costs. ADEC CSRP management may also consider the practice of requiring CSRP project managers to prepare "government estimates" prior to preparing legislative budget requests.
- **470 Fund Access.** Access to 470 Fund should be restricted to legislative action or an emergency declared by the Commissioner of the Department. Such an emergency should be subjected to legislative review and oversight.
- **Minimum Qualifications for Contaminated Sites - Project and Program Managers.** Require all contaminated sites project managers and contaminated sites program managers have a minimum of two- (2) years actual field experience in assessment of contamination and remediation work. Educational background should include study in engineering, chemistry or a discipline other than biology or forestry. Develop a "user friendly" approach based on scientific and engineering principles.

### ***Division of Environmental Health***

- **Priority #1 - Privatize the Review and Approval of Engineering Plans.** A private engineer under contract to the Department could perform the review of engineering plans. Several programs administered by the Department require plans be prepared by a professional engineer. The plans are required to be submitted for review and approval by the Department. The programs that require plan review include drinking water systems, wastewater treatment and disposal systems, solid waste facilities, storm water collection and treatment facilities and possibly several other areas. The Department could set up a contract procedure with private engineers specialized in these areas to provide the necessary services to review engineering plans for conformance and compliance with ADEC regulations. The Department will need to provide oversight of the review process and possibly, some mandatory plan reviews. It may be feasible to consolidate all program plan review functions

from all Department Divisions into one clearinghouse for plan review, whereby private engineers are used on a contract basis to provide detailed plan review.

- **Priority #2 - Consolidate All laboratory Services at the New DHSS Public Health Laboratory.** Currently, ADEC has laboratories located in Palmer and Juneau. Based on the findings of a recent evaluation of laboratories in ADEC and Department Health and Social Services (DHSS), it is recommended all ADEC laboratory facilities and services be combined in one central facility located at the new DHSS Public Health Laboratory (currently under construction on Tudor Road in Anchorage). The ADEC laboratory could be accommodated in a wing that could be added to the DHSS building.

Although housed in a DHSS facility, the ADEC lab should continue to be operated and managed by ADEC. However, prior to developing plans to build the centralized laboratory, the Department should solicit letters of interest from private sector and university laboratories for providing laboratory-testing services. If supply and demand justifies the new testing services offered by the private sector, then the ADEC could appropriately reduce the amount of new laboratory space, equipment and staff that is needed to operate the new centralized laboratory. Lastly, the Department should continue to certify private sector laboratories.

- **Priority #3 - Privatize Wellhead/Watershed Protection Program Work.** Federal funds available under the Safe Drinking Water Act (SDWA) charge each of the states to evaluate the risk of potential contamination to public drinking water systems. These evaluations come in the form of source water protection plans (SWAP). A concern of the private contracting community is that EH accepted the funding and decided to conduct all of the work in-house. It is understood that EH plans to hire staff and/or find available federal government staff rather than consider using the hydrology and hydrogeology capabilities of the private contracting community. Perhaps a cost benefit analysis was done by EH to evaluate whether this program should be done by in-house staff versus contracted out.

#### **Other Recommendations**

- **Privatize Sanitary Surveys of All Public Water Systems.** With the exception of a few sanitary surveys that are required to be performed by the Department to maintain primacy with the EPA, private engineers, certified by the Department, should perform all sanitary surveys of public water systems. Currently, the Department has a program that certifies private sector engineers to perform sanitary surveys. However, the Department field staff also provides the same services at a relatively low cost to the owner of the water system. Consequently, the Department often finds itself in competition with the private sector. To avoid the conflict of services, the Department should require all public water system owners to seek services rendered by the private sector.



Since this program intends to identify contaminated sites and their potential threat to public drinking water systems, a concern is that EH must coordinate its efforts with that of CSRP in order to avoid potential duplicity of effort that CSRP may have already contracted out in the past. Also, this is a very comprehensive program that will be conducted by ADEC over a period of four years and it may be completed over a shorter time interval if EH contracted out some of the effort.

- **Home Office in Remote Locations.** The Food Safety and Sanitation Program should investigate having appropriate staff work from their homes, eliminating the cost of establishing and maintaining offices in remote locations.
- **Prompt Review Process for Appeals and Waivers.** A speedy review process should be developed to efficiently deal with appeals and waivers requested by private sector engineers on the preparation of engineering plans in all areas of environmental work (drinking water, wastewater, storm water, etc.). The appeal committee should include qualified representatives from both the Department and private sector engineers.

### ***Division of Air & Water Quality***

- **Priority #1 - Reinstate 401 State Water Quality Certification.** Immediately reinstate, and place a high priority on, Section 401 review of federal water quality, wetland and all other federal permits. Alaska needs a strong environmental review and certification of federal permits to ensure that Alaska's interests are protected during the federal permitting process. If ADEC does not unilaterally resume this highly important program the Legislature should either (1) direct that ADEC conduct, the 401 certifications or (2) reassign the activity to another state department. A general permit approach, i.e. general certifications for federal permits should be explored and implemented if practical.
- **Priority #2 - Privatize Air and Water Quality Permit Review.** The Division of Air and Water Quality (AWQ) should consider privatizing some portions of permit reviews such as reviews of models and risk assessment. These functions have been successfully privatized by CSRP without reducing ADEC's responsibility to make final cleanup decisions, or in AWQ's case permit decisions.
- **Priority #3 - Consider Again Primacy for the NPDES.** Reevaluate the costs and benefits of primacy for water pollution control. Legislative action may be required. Alaska may be better served by maximizing, to the extent allowed by federal law, the State's role in the National Pollutant Discharge Elimination System Permit program. It would seem beneficial that the EPA not control the permit process for regulated activities in Alaska.

## ***Division of Facility Construction & Operation***

- **Priority #1 - Contract the New Project Manager Positions in VSW.** Since the mid 1990's, VSW's workload has increased significantly from additional state and federal funding. VSW requested four additional project manager positions for SFY 00. It was denied by the legislature but VSW was encouraged to seek additional staff from the private sector. Just recently, VSW contracted with a private engineering firm to provide a project manager (PM) to supervise VSW projects, like the current project managers (PMs) that are on staff. Contracting for a VSW/PM has not been tried before, so the outcome is uncertain on how well it will succeed. Before additional VSW/PM positions are procured to the private sector, a cost benefit analysis should be completed after the first year to determine whether this action did not result in a greater expenditure to the state.

There will probably be many obstacles to overcome during the first year of the contract. For instance, there will be personnel differences in managing the private PM versus supervising the PMs (state employees) on staff. Also, another difficulty will be how VSW handles the conflict of interest issue when the private firm providing the PM competes for other VSW projects not managed by their employee. Since it is expected that most problems will probably be overcome, further contracting of VSW/PM positions should be less awkward and more predictable. If contracting results of the VSW/PM position are positive, it would seem that a project manager position or two in MG&L could also be contracted to the private sector. However, there will still be a need to maintain VSW and MG&L staffs for oversight and accountability, inherent with the grant funding programs.

- **Priority #2 - Contract the Accounting/Bookkeeping Functions of the Loan Programs and Projects to a Private Accounting Firm.** Project accounting for municipal grants differs from the VSW grant program. Under Municipal Matching Grants Program, the grantee (local government) pays vendors directly and provides project accounting. Under VSW, a private accounting firm performs the project accounting and pays the vendors for the community. However, MG&L staff performs the accounting/bookkeeping functions for the Alaska Clean Water Fund and the Alaska Drinking Water Fund programs. These functions could be contracted to a private accounting firm. There will still be need for an administrative assistant position under the loan programs to perform the inherent program duties.
- **Priority #3 - Commission a Study to Provide Evidence that Force Account Construction is an Overall Better Method for Building Rural Sanitation Projects.** The debate over force account versus public bid construction has been going on for many years between the public and private sectors. It centers on issues of cost, quality control, and accountability. To date, only narratives without documented evidence have discussed these issues at best. For instance, no comprehensive study has been conducted on completed rural sanitation projects to substantiate that force account construction is markedly cheaper than



contracting. Therefore, it is recommended that an independent study be commissioned by the legislature to research this matter under the auspices of VSW. Besides cost comparisons, the study would also evaluate work quality and performance differences. A private contractor could perform the study. This recommendation could result into increase expenditure of state funds or be funded with federal dollars.

Presently, force account construction is the preferred method to construct rural sanitation projects. Although private construction contractors dislike it because it limits their opportunities, it has more positive attributes than contracting from the village's viewpoint. VSW is encouraged to monitor closely that each decision made to select force account construction is correct and in the best interest of the community. VSW is also encouraged to maximize contracting opportunities for contractors where expertise and experience are required.

### **Other Recommendations**

- **Outsource the Annual VSW Capital Budget Questionnaire Efforts.** This work could be contracted to an engineering firm that is experienced in rural sanitation. However, this function may be an inherent government responsibility that only VSW should perform to ensure impartiality. If contracted, the firm would validate the information submitted by the rural communities and then score and rank the proposed sanitation projects. They could also obtain information for those villages that did not submit. In addition, the firm could assist VSW with improving the questionnaire and process, including database development.
- **Privatize the Development of a Comprehensive Statewide Database of Rural Sanitation Facilities in Alaska.** Assuming there is still a need to develop a comprehensive statewide database of rural sanitation facilities for documenting current conditions and assessing future needs and funding is available, a private engineering firm could be contracted to complete this task. A Preliminary Audit Report by the Legislature Budget and Audit Committee, dated October 2, 1998, recommended that VSW create a detailed inventory of all village sanitation systems in order to make informed program decisions. The private sector can complete this work more resourcefully while meeting VSW needs and expectations.
- **Privatize the Auditing Functions of the Internal Auditor Position within MG&L to a Private Accounting Firm.** However, the financial management duties of this position are inherent to the grant and loan programs and should be performed by MG&L.

# Memorandum

**To:** Virgil Norton, Chairman  
ADEC Privatization Subcommittee  
**Subject:** Findings and Recommendations  
for FC&O  
**From:** Greg Magee, P.E., Member  
**Date:** October 22, 1999

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This memorandum provides my findings and recommendations based on my involvement with the subcommittee as a volunteer. This is the first time that I have participated in the public format of this manner and I have enjoyed it very much.

As you know, I was previously employed by the Alaska Department of Environmental Conservation (ADEC) for ten years (1981 to 1991). I enjoyed very much my employment with ADEC and have many satisfying memories working there. Since January 1992, I have been a private consultant providing sanitary engineering and environmental services and I enjoy it just as much. Because of my public and private employment backgrounds, I hope that my institutional knowledge and experience with ADEC have been valuable to the subcommittee. It has been a pleasure working with you, the active members of the subcommittee, and ADEC on this task and I look forward to finalizing our report. Finally, I would like to thank the National Society of Professional Engineers / Professional Engineers in Private Practice – Alaska Section for providing me this opportunity by nominating me to the subcommittee.

## **PRIVATIZATION PRIMER**

Since privatization has multiple meanings, forms, and approaches, it seems appropriate to provide for the subcommittee a brief primer on privatization of state government services for possible use in our report. Furthermore, it is meant to be a starting point for me to prepare my findings and recommendations in a useful manner.

Privatization options can range from contracting out or outsourcing, the most common type, to full-scale, privately financed design, build, and operations. In general, though, the common term use of the term privatization refers to formal contracting out of the services by the government to the private for-profit and non-profit sectors. However, not all functions of state government can be privatized. There are functions that are inherently government and where the private sector cannot or will not perform.

The concepts of privatizing state government services in Alaska have become attractive to many residents and elected officials, including the past legislature session, where Senate Bill No. 33 was enacted into law. SB 33 created the Commission on Privatization and Delivery of Government Services to determine which state government functions can be privatized, but also which functions can be consolidated and transferred to other governments in order to reduce the dependency on the State of Alaska's revenues for the delivery of state government services.



Privatization is an idea that draws both supporters and detractors. Supporters applaud the improved efficiency and critics express concern about the reliability and fairness of privately provided services. Other reasons for supporting or opposing privatization are shown below:

| Reasons for Supporting Privatization                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• To obtain special skills or supplement government staff for short period of time</li><li>• To meet demands beyond current governmental capacity</li><li>• To reduce costs of government</li><li>• To improve service quality and efficiency</li><li>• To provide a choice of providers and levels of service</li></ul>                                                                                                                                                                                      |
| Reasons for Opposing Privatization                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"><li>• Loss of public employee jobs</li><li>• Relinquishes public responsibility for public funds</li><li>• Weakens and decreases public participation in government</li><li>• High potential for corruption (fraud, financial conflicts-of-interest and cost-overruns)</li><li>• Any resulting cost savings are directed away from the taxpayers and towards the contractor</li><li>• Threatens confidentiality of private information</li><li>• Increases the temptation to reduce quality of services</li></ul> |

It seems that both the public and private sectors can do things better than the other. For instance, the government tends to be better at policy management, regulatory, and enforcement. While, the private for-profit sector tends to be better at performing economic tasks, innovating, adapting to rapid change, and performing complex and technical tasks. And, the private non-profit sector tends to be best at performing tasks that demand compassion and trust for the health and welfare of the public.

Finally, privatization is a way to bring the advantages of competition, flexibility, and efficiency to the delivery of public services. In doing so, privatization also involves risk and requires careful management on the part of the public agency. To achieve the potential benefits of privatization, each privatization initiative undertaken as a result of SB 33 needs to be monitored to assure the benefits of cost effectiveness and quality in the delivery of publicly funded services.

According to Section 5, Paragraph 3 of SB 33, the Commission is to identify and evaluate which state governmental functions could be delivered more effectively by:

- 1) Transferring to the private for-profit sector or contracting out;
- 2) Transferring state government functions to local governments or regional service organizations (private non-profit);
- 3) Transferring to the federal government;
- 4) Consolidation or other efficiency changes of state government functions; and
- 5) Some combination of the approaches under 1 – 4 above.

## **FINDINGS AND RECOMMENDATIONS**

### **Division of Facilities Construction and Operation**

My findings and recommendations pertain to ADEC's Division of Facility Construction and Operation (FC&O). First, I provide general information about the division and then discuss the different units and programs within the division. After each unit, I provide my recommendations in accordance with Section 5, Paragraph 3 of SB 33. Overall, FC&O does accomplish much of its functions through contracting to private for-profit and non-profit sectors. Although small, some potential privatization does still exist within the division.

The Division of FC&O exists within ADEC to promote public health and environmental protection by providing financial and technical assistance to urban and rural communities for the development and operation of water, sewer, and solid waste projects. The division has three units to administer five programs to achieve this goal. The units are Municipal Grants and Loans, Village Safe Water, and Operation Assistance. The programs are municipal grant, municipal loan, village safe water, remote maintenance worker, and operator certification.

### **Village Safe Water (VSW) Unit**

This unit provides state and federal grants to smaller communities with populations of 25-600. Grants are typically 100% of the costs to improve water, sewer, and solid waste facilities.

VSW staff consists primarily of engineers that serve as project managers. These engineers provide technical oversight and assist the community with decision making concerning the project. Their job is to provide engineering assistance and to assure proper accountability and management of grant funds. Sometimes, the staff prepares engineering documents depending on workloads. However, some of the grant funds are administered by the Alaska Native Tribal Health Consortium (ANTHC), a private non-profit organization, under an agreement between VSW and ANTHC. (On October 1, 1998, the ANTHC assumed the programs, functions, services and activities of Alaska Area Native Health Service under a contract with federal Indian Health Service.)

Nearly all phases of a VSW capital project involves the private for-profit sector and local governments. For instance, private engineering firms are used to perform planning, design, and construction management services. Actual construction is performed by either a contractor procured by competitive bid or through force account labor. If force account labor is used, VSW assists the community in hiring a project superintendent (and possibly a foreman) from the private sector. Then the community hires local residents as the labor force. A private accounting firm, through a contract with VSW, performs project accounting services. (For ANTHC projects, their staff performs much of the engineering and accounting work. However, they do contract out some of the engineering work and utilize the force account method of construction.)



Since the mid 1990's, VSW workload has increased from additional state and federal funding. Because of this burden and the past legislative session not approving the request for more project manager positions, VSW was encourage to seek additional staff from the private sector. Last August, VSW issued a Request for Proposal (RFP) to the private sector to provide a project manager (PM) to supervise VSW projects, like the current project managers that are on staff.

Contracting for a VSW/PM has not been tried before, so the outcome is uncertain on how well it will succeed. It appears that the work is more suited for the small engineering firm or an individual based on the contract value of about \$180,000 the first year. It is a term contract for three years, with two 1-year renewal options. Also, the selected contractor cannot compete for engineering work for the communities covered under the contract. For all intents and purposes, the contractor probably won't be able to compete for other VSW work outside the contract for fear of having a conflict. Because of these reasons, most engineering firms would rather compete for work from all of the VSW project managers.

Force accounting is a method of construction in which the community (grant recipient) assumes the role of a contractor and constructs a project using local labor resources. State procurement procedures are followed for purchasing equipment and materials and contracting specialized services. Proponents of the force account construction method believe that it promotes the following:

- Increases local involvement and strengthens local ownership in the project;
- Provides local employment and supports the local economy;
- Allows more flexibility for change and incurs less cost in making changes;
- Strengthens local ability to operate and maintain the project improvements from knowledge gained from constructing the project; and
- Lowers project costs by not paying Alaska Title 36 wages and contractor's profit, overhead and contingency.

On the other hand, opponents believe that the community should not be competing with private contract community. Also, they state that contractors can complete the work more efficient, sooner, and cheaper and provide local employment as well.

Not all projects can utilize the force account construction method. In some instances, contracting may be a better option depending upon the skilled labor and equipment available in the community and the degree of difficulty of the work. Many times, construction of a project is accomplished using a combination of both force accounting and contracting. It should be noted that VSW and the Governor's Council on Rural Sanitation are strong advocates of force accounting versus contracting. From a political viewpoint, force account construction is very popular with rural communities.

### **Recommendations**

- *Complete the contract for the new VSW/PM position. Before additional VSW/PM positions are procured to the private sector, a cost benefit analysis should be completed after the first*

*year to determine on whether this action did not result into a greater expenditure to the state. There will be probably many difficulties to overcome during the first year under the contract because it is a new idea that has not been tried. Since it is expected that the insights gained from this first-time experience, further contracting will be less awkward and more established.*

- *Contract out the annual VSW Capital Budget Questionnaire work to an engineering firm that is experienced in rural sanitation. Although this task is not large, perhaps it could be done more efficiently by a contractor. The firm would score and rank the proposed sanitation projects, based on the information submitted by rural communities on the questionnaire. In addition, the firm could assist VSW with improving the VSW questionnaire and process, including database development.*
- *Contract with a private engineering firm to develop a comprehensive statewide database of rural sanitation facilities for documenting current conditions and assessing future needs. A Preliminary Audit Report by the Legislature Budget and Audit Committee, dated October 2, 1998, recommended that VSW create a detailed inventory of all village sanitation systems in order to make informed program decisions. The private sector can complete this work more proficient while meeting VSW needs and expectations.*
- *Force account construction is a very suitable method to construct VSW projects. Although private construction contractors dislike it because it limits their opportunities, it has more positive attributes than contracting from the community's view point. VSW is encouraged to monitor closely that each decision made to force account construction is correct and in the best interest of the community. VSW is also encourage to maximize contracting opportunities for contractors where expertise and experience are required.*
- *No potential opportunities exist to transfer VSW functions to the federal government or consolidate VSW functions within ADEC.*

#### **Municipal Grants and Loans (MG&L) Unit**

This section provides financial (grants with a local match requirement and low-interest loans) and engineering assistance to boroughs and urban communities for water, sewer, and solid waste improvements. Like VSW, MG&L staff consists primarily of engineers who act as project managers by assisting larger communities with financial and technical oversight for new and upgraded utilities. Besides the engineering assistance, their jobs is to administer and manage the funding programs in accordance with program regulations.

All the engineering and construction of a MG&L project is performed by a borough or community, who is the grantee and/or loan recipient. No direct engineering is performed by staff, i.e. preparation of plans and specifications, master plans, submittal reviews, etc. Most of these local government entities contract with private business for completing the planning, engineering, and construction functions.



Unlike VSW, the project accounting/bookkeeping of the funding programs is performed by MG&L staff. One auditor resides in MG&L who performs internal audits of projects for compliance of funding regulations. Annual audits of the loan programs are conducted by private accounting firms.

### **Recommendations**

- *If contracting results of the VSW/PM position is positive, it would seem that a project manager position in MG&L could also be contracted to the private sector. However, staff will be needed to provide the oversight (inherent accountability) of these contract employees.*
- *Similar to VSW, contract the programs and project accounting work to a private accounting firm.*
- *Contract the lone audit position in this unit to an accounting firm.*
- *No potential opportunities exist to transfer MG&L functions to the federal government or consolidate MG&L functions within ADEC.*

### **Operator Assistance Unit**

This unit administers the remote maintenance workers (RMW) and the operator certification programs.

Ten (10) out of thirteen (13) of the RMWs in this unit are contracted to private non-profits organizations, regional native health corporations. The RMWs remaining within the unit provide oversight and technical assistance to the contracted RMWs. Operator Certification Program administers training and certification exams, as well as maintaining files and a database of certified water and wastewater operators. Development of training material and curricula has been completed by private contractors in the past.

### **Recommendations**

- *None – no opportunities exists to privatize, transfer, or consolidate functions within the Operator Assistance. If more RMWs positions are added to the unit, they should be contracted out to the health corporations.*



**Doyon Properties, Inc.**

**Corporate Office**  
Jimmy Huntington Building  
714 Fourth Avenue, Suite 302B  
Fairbanks, Alaska 99701  
Phone: (907) 459-2100  
Fax: (907) 451-7274  
E-mail: dpi@doyon.com

October 18, 1999

Mr. Virgil Norton, Chair  
Commission on Privatization and Delivery of Government Services  
Department of Environmental Conservation Sub Committee  
State of Alaska

Dear Mr. Chairman and Members of the DEC Sub Committee:

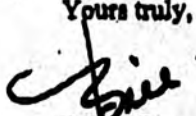
Enclosed please find suggested statutory language which, if implemented, would provide guidance to interested parties attempting to privatize previously unregulated government owned utilities.

The national trend toward utility privatization is now very evident in Alaska. The recent sale of the Fairbanks utilities to four private companies was accomplished two years ago. The Air Force has recently requested proposals on seven Alaskan locations, the University of Alaska-Fairbanks utilities are receiving much interest, and other communities are exploring privatization options.

Unfortunately current Alaska statutes are unclear regarding transactions requiring two party negotiations due to the absence of the rate base values available to economically regulated utilities. This lack of regulatory clarity can be a costly deterrent to the successful completion of such efforts. Other states have included clarification for privatization in their regulatory statutes.

Due to the current level of activity, a privatization amendment should be addressed by the next legislative session. My purpose in advancing this matter to the DEC subcommittee is to make the committee aware of the need for a statute change providing the state regulatory agency guidance in these matters. The enclosed paper provides detailed background, however, should you need additional information, please do not hesitate to contact me.

Yours truly,

  
B.E. Allen  
Commissioner  
Commission on Privatization  
And Delivery of Government Services

Cc: Commission on Privatization and Delivery of Government Services attn: Commission Members  
Regulatory Commission of Alaska  
University of Alaska, sub committee, attn: Cheryl Frasca

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### **PRIVATIZATION AMENDMENT**

**An amendment to AS 42.05.441 to assist in the privatization of government owned utilities.**

The national trend to privatize government owned utilities is growing. The government sector is recognizing that the private sector can more efficiently deliver the utility services. Governments are also recognizing that the utility infrastructure is aging and huge infusions of capital are required to replace worn out facilities or upgrade to accommodate fast-paced technological advances. Traditional methods of capital improvement funding (bonding, appropriations, and grant funding) are not keeping up with the need. The government is concluding that it may be better off as a utility customer, as opposed to an owner.

The federal government is currently in the process of considering the privatization of the utility services on all military installations within the State of Alaska including telephone, electricity, gas, sewer, and water. As part of that process the military will be examining a variety of different mechanism for privatizing its utilities. Placing the utilities under the umbrella of the Regulatory Commission of Alaska should be encouraged, not discouraged. There are potential benefits from economies of scale to not only the military, but also to customers of any towns or cities in close proximity to the military utilities being privatized. For those mutual benefits to be realized regulation is almost certainly required. In addition, the conditions are right for utilities owned by Alaskan (or the State) to be privatized. Alaskan municipalities have already sold (or attempted to sell) utilities to the private sector. The State has formed the Privatization Committee and is looking a variety of services to be transferred to the private sector. Like the military, these entities would be benefited by this amendment.

In general, privatization will involve the sale of a utility or utility property by the government pursuant to a contract (with voter ratification in the case of a municipality). It is anticipated that the Regulatory Commission of Alaska (formerly the Alaska Public Utilities Commission) will be involved in the approval process required by most privatizations. When the Commission is required to approve utility rates for the newly privatized utilities, the value of the utility property, used and useful in providing service to the customers, must be established.

The situations involving privatization which are likely to come before the Commission will involve utilities that previously have not been regulated, for instance, none of the military bases currently up for privatization are regulated utilities. That is, the utility rates (if rates even exist) have not been subject to approval or regulation by the Commission. The initial rates to be charged after privatization are typically negotiated at arms

length between the seller (now the customer) and the buyer. Furthermore, governmental agencies that own utilities may not maintain the types of records that track the value of utility property in the same manner as a regulated utility. For instance, in many Alaskan communities, nobody even knows what components are installed in the systems (not even the State of Alaska that funded and oversaw the installations). In these situations, the parties may not even know what the original cost or depreciated basis of the utility property might be. If the value of existing utility property is unknown, or uncertain, the parties must address the value in their contract, because the value is necessary to determine rates in the future.

Currently, the statute which addresses the value of utility property for rate making purposes provides "...the commission shall be guided by the acquisition cost or, if lower, the original cost of the property...less accrued depreciation". This statute is more applicable to situations involving regulated utilities where the utility property has been acquired, and depreciated over time, using standard utility accounting methods. The statute provides no specific direction to the Regulatory Commission regarding the privatization of military or other government owned utilities which are currently exempt from economic regulation or if the value of the utility property is unknown or uncertain.

Furthermore, although the phrase "guided by" in the existing statute gives the commission discretion to adjust the value of utility property, the existing statute is silent on the ability of the selling governmental entity and the buyer to negotiate an arm's length value of the utility property for the purpose of determining rates. Given the potential for a particular utility to require large infusions of capital to repair or upgrade systems, the governmental seller (i.e. the eventual customer) should be allowed latitude to determine an appropriate value of the utility property under the circumstances of the individual utility privatization. Both the seller (as the eventual customer) and the buyer (as the utility owner) have a strong and coincident interest in reaching a fair value for the utility property, since that value will form the basis (in part) for future rates.

The amendment also will allow governmental utility owners to more easily sell utilities that were previously unregulated as to rates, and therefore may not have continuing property records or a value of utility property determined according to the Commission's standard methods. In these cases, the cost of reconstructing the value using standard utility accounting may out-weigh the benefits to the seller and the buyer. An arms length agreement negotiated by a governmental seller (and in the case of a municipality, an agreement approved by the voters), should be accorded deference.

This amendment removes an impediment to privatization by giving presumptive effect to the parties agreement. Under the amendment, when privatization of government owned facilities is



authorized the governmental entity's agreement as to the value of utility property for the purpose of determining rates should be respected. It is similar to that action taken by the federal government in Executive Order 12803 issued by President Bush which directed government agencies to be flexible in assisting the privatization of federally funded facilities.

The amendment preserves the Regulatory Commission's ultimate authority to assure that the contracts are consistent with the best interest of the public. At the same time the amendment recognizes the benefit of allowing the military, locally elected officials, voters, and authorized governmental entities, who will be the eventual customer, the ability to determine for their community and agency what is in their own best interest.

The amendment also may eliminate the expense of unnecessary protracted regulatory proceedings which divert regulatory energy and resources from other pending responsibilities.

A governmental seller and the buyer should be allowed to negotiate a value of utility property. A governmental seller is more likely to receive full and fair value for their utilities and/or fair rates structured to fit their need if the selling entity and the buyer have greater confidence that the negotiated contracts will be approved.

The amendment modifies paragraph (b) of the existing statute by referencing a new paragraph (d) which embodies the proposed language.

AS 42.05.441 Valuation of property of a public utility.

- (b) Except as provided in (d), in determining the value for rate making-purposes of public utility property used and useful in rendering service, the commission shall be guided by acquisition cost or, if lower, the original cost of the property to the person first devoting it to public service, less accrued depreciation, plus materials and supplies and a reasonable allowance for cash working capital when required.
- (d) In determining the value for rate making-purposes of public utility property used and useful in rendering service to the public when owned by the State of Alaska, Federal agency, or Alaskan municipality public utility property which is sold or transferred pursuant to a written agreement (and, in the case of a municipality approved by the voters of the municipality), the Commission shall be guided by the value of the public utility property set forth in the agreement.

# TRANSACTION REPORT

OCT-19-1999 TUE 01:34 PM

P. 01

## BROADCAST

| DATE   | START    | RECEIVER     | TX TIME | PAGES | TYPE | NOTE | M#  | DP |
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|        | 01:07 PM | 919074654821 | 2' 33"  | 5     | SEND | OK   | 433 |    |
|        | 01:31 PM | 919074519293 | 2' 33"  | 5     | SEND | OK   | 433 |    |
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TOTAL : 25M 11S PAGES: 50



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Representative Tom Brice  
Tom Fink  
Michael Harper  
Emil Notti  
Kathryn Thomas  
Don Valasco  
George Wuerch

# FAX COVER SHEET

To:

Number:

From:

| Full Commission |         |          |                                   |
|-----------------|---------|----------|-----------------------------------|
| Cowdery         | John    | 269-0223 | Alaska State Legislature - House  |
| Ward            | Jerry   | 269-0109 | Alaska State Legislature - Senate |
| Adams           | Al      | 485-4821 | Alaska State Legislature - Senate |
| Allen           | Bill    | 451-7274 | Doyon Properties, GM              |
| Brice           | Tom     | 451-9293 | Alaska State Legislature - House  |
| Fink            | Tom     | 279-2566 |                                   |
| Harper          | Michael | 243-2984 | Kuskokwim Corporation             |
| Notti           | Emil    |          | 272-4147                          |





and Delivery of Government Services

Co-Chairs:

Representative John Cowdery  
Senator Jerry Ward

Senator Al Adams  
Bill Allen  
Representative Tom Brice  
Tom Fink  
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Emil Notti  
Kathryn Thomas  
Don Valesko  
George Wuerch

# FAX COVER SHEET

To:

Number:

From:

Number:

Date:

Time:

Subject:

# of pages including cover:

Notes:

| Full Commission |         |          |                                   |
|-----------------|---------|----------|-----------------------------------|
| Cowdery         | John    | 269-0223 | Alaska State Legislature - House  |
| Ward            | Jerry   | 269-0109 | Alaska State Legislature - Senate |
| Adams           | Al      | 465-4821 | Alaska State Legislature - Senate |
| Allen           | Bill    | 451-7274 | Doyon Properties, GM              |
| Brice           | Tom     | 451-9293 | Alaska State Legislature - House  |
| Fink            | Tom     | 279-2566 |                                   |
| Harper          | Michael | 243-2984 | Kuskokwim Corporation             |
| Notti           | Emil    |          | 272-4147                          |
| Thomas          | Kathryn | 776-5132 | Alaska State Chamber of Commerce  |
| Valesko         | Don     | 279-7171 | Public Employees Local 71 AFLCIO  |
| Wuerch          | George  | 561-3793 | Municipality of Anchorage         |
|                 |         |          |                                   |

CC: Virgil Norton 278-6291

Reg. Comm. 00 AK 276-0160

(Per the Request of Bill Allen)

5

Oct 19, 99

12:45 pm

**MEMORANDUM**  
**DEPARTMENT OF LABOR AND**  
**WORKFORCE DEVELOPMENT**

**STATE OF ALASKA**  
**Labor Standards and Safety**

**TO:** Dwight Perkins  
Deputy Commissioner

**DATE:** October 19, 1999

**FILE:** 1\_oshpriv\_2.doc

**PHONE:** 465-4855

**FROM:** Al Dwyer  
Director

**SUBJECT:** AKOSH Privatization Issues

As we discussed, I am providing you with the information you requested for the Privatization Committee meeting tomorrow.

*1. Explain why AKOSH paperwork takes so long to complete?*

Answer: Inspection report form as prescribed by federal OSHA has to be filled out in entirety before any determination can be made. There are times when an officer has to wait for the employer to provide documentation that refutes the allegation. Also, in particular cases that involve sampling, it is necessary to wait for the return of the lab results. In addition, the inspection process requires internal review by supervisors to verify the proper citations, applicability of laws, etc. have been cited relating to the alleged violation. It is important to note that this timeframe has been lengthened due to reduction in staff both at the reviewing level and administrative support. In addition to the actual inspections, inspectors work on multiple cases at a time, respond to phone inquiries, participate in hearings, attend federal required training classes, etc.

*2. Why is the cost per inspection so high (based on committees calculations)?*

In determining how much an inspection costs the following all need to be taken into consideration: Mandatory outside training for staff; cost of acquiring data from Research and Analysis; supervisory and administrative staff costs; Fixed/overhead costs such as office space, equipment, vehicles, DP computer support; Legal support from Department of Law; OSH Review Board expenses and Review Board hearing officer contract; travel and per diem to perform training and on-site investigations.

Using a refined calculation\* we estimate inspection activity to cost around \$2,500.00 each. We also estimate that 40% of that cost are state funds versus federal funds.



Equation: SFY 99 budget (\$2,931.4) X 75% divided by 869 (consultations, investigations & training classes) = \$2,500.00 ( Fed - \$1,500.00; State - \$1,000.00).

\*(The consultation and investigation numbers previously provided reflected approximately 75% of the activity for the year (federal fiscal year) and 103 training classes were not included in the consultation total.)

3. *Under what circumstances would the federal government subsidize consultation and training programs?*

Subsidy is provided to state government entities when they enter into a contract with the federal government and meet the federal requirements. Funding would be available through different grant vehicles. Federal OSHA will not enter into an agreement with private sector.

4. *Are there any federal funded OSH programs anywhere that are not state plan states, i.e.; private sector or public sector?*

There are no private sector OSHA programs. We are aware of five states that have federal enforcement programs with state consultation and training provided through Universities. (University of Alabama, Colorado State University, Indiana University of Pennsylvania, Georgia Tech, and Boise University.)

5. *What is the charge for consultation services in the real world?*

We do not know.

In addition, I want to clarify my statement in the last paragraph of the September 24, 1999 memo regarding enforcement activities on sites participating in consultation activities.

#### **Enforcement Planned Program Inspections:**

If an employer has an ongoing consultation intervention then he would not be subject to an enforcement inspection under the following guidelines:

- a). **Safety and Health Achievement Recognition Program (SHARP):**

1 year from consultation visit (some issues may be longer depending on the amount of time to work out the abatement, such as Process Safety Management issues).

- b). **Voluntary Protection Program (VPP):**

Merit Level - 1 year from date of Merit award and may stay in this level for a period of three years while working toward the Star Level.

Star Level - 3 years from date of award and may be extended in three-year increments as long as they meet the requirements.

**c). Planned Program Inspections:**

Our internal policy, based on the fact that we are a State Plan State with both Enforcement and Consultation, is as long as the employer has an ongoing consultation intervention activity enforcement resources are focused elsewhere until the next inspection cycle.

None of the above activities exempt an employer from Fatality, Catastrophe, or Complaint inspections by the enforcement section.

In the interest of time, I have asked Tom Stuart, Chief of AKOSH, to attend the committee meeting with you. He will be able to answer any program questions the Committee may have. His hands-on knowledge will provide the Committee members with greater perspective of the AKOSH program activities and requirements.

cc: Tom Stuart, Chief, AKOSH  
Laura Baker, Administrative Manager, LS&S



ATTN - 7-28-99 Roll

| Department of Environmental Conservation Subcommittee Membership |           |                   |          |                                                     |                            |  |           |
|------------------------------------------------------------------|-----------|-------------------|----------|-----------------------------------------------------|----------------------------|--|-----------|
| ✓ Norton                                                         | Virgil    | 776-5481/250-9594 | 278-6291 | Contractor                                          |                            |  | Kenai     |
| ✓ Andress, PE                                                    | Gus       | 283-9003          | 283-8118 |                                                     |                            |  |           |
| ✓ Brookman                                                       | Jerry     | 283-9329          | 283-7180 | Pres. Oil Spill Prevention Council                  |                            |  | Kenai     |
| ✓ Bucklin                                                        | Keith     | 581-1911 x110     | 581-4650 | Audio/Video, Inc.                                   | kbucklin@avianc.com        |  |           |
| ✓ Donagin                                                        | Doug      | 243-3166          | 248-8933 | VP, Trident Seafoods                                | dougdteri@alaska.net       |  |           |
| ✓ Gilfilian                                                      | Bob       | 277-2021          | 274-8683 | Gilfilian Engineering & Environmental Testing, Inc. | bob_gilfilian@ge2t.com     |  |           |
| ✓ Hampton                                                        | Paul      | 278-2551          | 277-9736 | CH2M Hill                                           | phampton@ch2m.com          |  |           |
| ✓ High, PE                                                       | Dee       | 344-1385          | 344-1383 | DHI Consulting Engineers                            |                            |  |           |
| ✓ Lawrence                                                       | Bill      | 463-4870          | 463-4871 | Environmental                                       |                            |  |           |
| ✓ Madsen                                                         | Stephanie | 586-6366          | 586-4618 | Pacific Seafood Processors                          | smadsen@pspafish.net       |  |           |
| ✓ Magee                                                          | Greg      | 248-8883          |          | Montgomery Watson, PEPP                             |                            |  |           |
| ✓ McCorkle                                                       | Vern      | 276-4373          | 279-2900 | Publisher, Alaska Business Monthly                  | publisher@akbizmag.com     |  |           |
| ✓ Sandvik                                                        | Helvi     | 265-4149          | 265-4123 | NANA Development                                    | helvi.sandvik@nana-dev.com |  |           |
| ✓ Skaling                                                        | Sean      | 278-7827          | 279-5868 | Greenstar (Environment in Business)                 | greenstr@alaska.net        |  |           |
| ✓ VanHatten                                                      | Rick      | 488-4524          | 488-2822 | Alaska Contracting & Consulting                     |                            |  | Fairbanks |
| ✓ Vezey                                                          | Al        | 488-9745          | 488-4067 | Former Legislator                                   | svezey@polamet.com         |  | Fairbanks |

delete

**MEMO**

PLEASE DISTRIBUTE  
DEC Subcommittee Meeting  
Commission on Privatization  
Meeting Date: 10/11  
Meeting Time: 1:30pm  
Number of Pages: 8

**State of Alaska**  
**Department of Environmental Conservation**  
**Division of Statewide Public Service**

TO: Virgil Norton  
Chair: DEC Subcommittee on Privatization

DATE: October 11, 1999

FROM: Mary Siroky  
Statewide Public Services

PHONE: 465-5355  
FAX: 465-5263

SUBJECT: Privatization Report

The outline for the subcommittee report includes a list of contracts, as well as the specialized expertise and equipment needed by the department to fulfill its mission. Since none of our overviews addressed these points, we wanted to share that information with you. Below you will find two lists: The 1<sup>st</sup> lists the specialized staff knowledge that is most critical to the Department. This list is organized by Division and where appropriate by program. The 2<sup>nd</sup> lists specialized equipment needed by the Department in order to complete our mission. The 2<sup>nd</sup> list does not include routine office equipment such as computers, faxes, copiers etc.

The list of contracts will be provided as a separate Excel spreadsheet attachment sent with this memo to the legislative information offices. Additionally, the subcommittee requested information on changes in funding over time for the Department. That spreadsheet will also be sent to the legislative information offices.

### **SPECIALIZED STAFF KNOWLEDGE**

Most senior or lead level positions require, at a minimum, an undergraduate college degree with a strong science and math background and relevant experience in the work specialty being performed. This includes an understanding of environmental laws and regulations. A wide range of specialists are used to carry out the Department's mission. However, the expertise needed to successfully implement DEC's mission is not limited to scientific or technical expertise. Also required is the ability to

The expertise needed to successfully implement DEC's mission is not limited to scientific or technical expertise. Also required is the ability to

- Communicate clearly,
- Exercise reasonable, rationale, responsible judgment and
- Build consensus.

### **DIVISION OF ENVIRONMENTAL HEALTH**

#### **Drinking Water and Wastewater Program**

- Engineering
- Hydrogeology/hydrology
- Microbiology and chemistry of water
- A thorough understanding of the constantly evolving federal drinking water requirements



#### Food Safety and Sanitation

- Microbiology and chemistry of food
- Diseases that affect food animals; how to prevent or care for them
- Food processing techniques
- A thorough understanding of the conditions that can cause food borne illnesses and appropriate controls

#### Laboratory Services

- Chemical and microbiological laboratory analyses
- Contamination likely to be found in water, food and animals and how it can occur
- Environmental fate of pesticides

#### Solid Waste Management

- Hydrogeology/hydrology
- Landfill design and operations

### **DIVISION OF AIR AND WATER QUALITY**

- Engineering expertise in air and water pollution control equipment
- Meteorological expertise with specialty training in air pollution transport mechanisms
- Hydrologists and oceanographers with expertise in simulating marine and fresh water mixing and deposition mechanisms
- Biologists with experience in assessing pollutant impacts upon aquatic species
- Engineering, forestry and biological expertise skilled in designing and assessing the effectiveness of best management practices to minimize erosion and run-off pollution from timber harvesting, roadway and general site construction, and agricultural activities.
- Chemists skilled in designing and executing field monitoring studies for air and water quality; chemists skilled in quality assurance practices for such studies
- Electronics technicians to maintain and repair electronics pollution monitoring instruments.

### **DIVISION OF STATEWIDE PUBLIC SERVICES**

- Education, training, skills, experience in law enforcement procedures
- Environmental education training or experience
- Community relations expertise
- Hazardous waste and pollution prevention expertise
- Computer and web page design expertise

### **DIVISION OF FACILITIES AND CONSTRUCTION**

- Engineering with an emphasis on water and wastewater treatment plant construction, design and operation
- Ability to repair water and wastewater treatment plant equipment
- Certified water and wastewater treatment plant operator

### **DIVISION OF ADMINISTRATIVE AND INFORMATION SERVICES**

- Extensive expertise in fund accounting, cash management, fund capitalization, and state and federal regulations to assure timely and accurate accounting for and reporting on all revenues received, posted, and expended through the Alaska State Accounting System (AKSAS)
- Extensive technical expertise to fully integrate department data to facilitate public access and inquiry in the department's data sets

### **DIVISION OF SPILL PREVENTION AND RESPONSE**

- Incident Command System (ICS) specialists, including communications, logistics, equipment, safety and haz mat expertise.
- Containment, control and cleanup expertise for overseeing spill cleanups
- Chemistry, hydrology, geology, toxicology, risk assessment, fate and transport modeling and remediation expertise is needed for site management.
- Storage tank, marine vessel, pipeline, exploration and production well expertise is needed to oversee the production and transportation of petroleum products.
- Expertise is needed in contract management, cost recovery, financial responsibility and response fund management

### **SPECIALIZED EQUIPMENT**

As noted above, this list does not include routine office equipment such as copier, faxes, computers etc.

- Laboratory equipment is used to certify and accredit commercial labs and sample Alaskan produced food animals and products, including shellfish for PSP.
- Air monitoring equipment is used to measure public exposures to air pollution, evaluate the effectiveness of pollution reduction programs such as automotive tailpipe I/M testing, and to support public health advisories when pollution from natural events such as volcanoes and wildfires pose a public health threat.
- Water and sewer repair equipment is warehoused and maintained for immediate loan to communities faced with sanitation facility emergencies.
- Response gear has been provided to communities under community partnership agreements to increase their response capabilities.
- Communications equipment is maintained as a part of the department response capabilities.



DEPARTMENT OF ENVIRONMENTAL CONSERVATION

-----Authorized Funding Less Exxon Valdez Oil Spill Funding-----

Revised: 8/3/99 BT

|                                       | FY91     | *FY92    | **FY93   | ***FY94  | FY95     | FY96     | FY97    | FY98    | FY99    | FY2000  |
|---------------------------------------|----------|----------|----------|----------|----------|----------|---------|---------|---------|---------|
| <b>General Funds</b>                  |          |          |          |          |          |          |         |         |         |         |
| General Fund Match                    | 1,959.9  | 2,182.7  | 2,474.7  | 2,357.4  | 2,448.3  | 2,572.6  | 2,638.1 | 3,159.8 | 3,200.1 | 3,200.1 |
| General Fund                          | 25,267.9 | 19,818.4 | 15,622.5 | 13,542.9 | 12,933.2 | 11,402.7 | 9,968.4 | 7,266.8 | 6,943.8 | 5,731.3 |
| General Fund Program Receipts         | 95.0     | 394.1    | 2,573.9  | 3,305.2  | 3,093.1  | 4,003.1  | 3,198.3 | 2,758.0 | 2,590.9 | 3,138.9 |
| General Fund Designated Pgm. Receipts |          |          |          |          |          |          | 100.0   | 0.0     | 0.0     | 0.0     |
| ILTF                                  |          |          |          |          |          |          |         | 88.9    | 13.6    |         |

|                                           |          |          |          |          |          |          |          |                         |          |          |
|-------------------------------------------|----------|----------|----------|----------|----------|----------|----------|-------------------------|----------|----------|
|                                           | 27,322.8 | 22,395.2 | 20,671.1 | 19,205.5 | 18,474.6 | 17,978.4 | 15,904.8 | 13,273.5                | 12,748.4 | 12,070.3 |
| % (REDUCTION) OR INCREASE FROM PRIOR YEAR |          | (18%)    | (8%)     | (7%)     | (4%)     | (3%)     | (12%)    | (17%)                   | (4%)     | (5%)     |
|                                           |          |          |          |          |          |          |          | % REDUCTION SINCE FY 91 |          | (56%)    |

**Other Funds**

|                                   |         |         |          |          |          |          |          |          |          |          |
|-----------------------------------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|
| Federal                           | 5,842.9 | 6,790.5 | 10,264.6 | 8,694.9  | 9,937.9  | 11,298.2 | 11,155.2 | 12,156.3 | 13,462.8 | 14,612.8 |
| Interagency                       | 549.8   | 454.5   | 449.0    | 1,120.0  | 980.7    | 835.5    | 787.1    | 845.6    | 891.9    | 894.9    |
| Response Fund                     | 6,810.8 | 7,193.7 | 10,627.7 | 11,370.6 | 13,041.6 | 11,981.4 | 11,780.7 | 12,421.5 | 12,444.6 | 12,478.6 |
| Capital                           | 740.5   | 335.7   | 337.7    | 433.7    | 1,144.9  | 1,350.1  | 1,269.6  | 2,230.0  | 2,389.6  | 2,218.5  |
| Alaska Clean Water Fund           | 88.4    | 90.5    | 92.7     | 127.7    | 149.8    | 296.5    | 447.7    | 445.2    | 446.3    | 455.3    |
| Storage Tank Fund                 |         | 6,767.8 | 3,892.3  | 5,191.5  | 3,991.3  | 3,191.3  | 3,201.1  | 851.9    | 854.7    | 1,054.7  |
| Clean Air Protection Fund         |         |         |          |          |          |          | 1,086.7  | 2,131.2  | 2,139.6  | 2,139.6  |
| Cm Fish                           |         |         |          |          |          |          |          |          | 175.0    | 175.0    |
| Statutory Designated Pgm Receipts |         |         |          |          |          |          |          | 452.7    | 454.5    | 534.5    |
| Alaska Drinking Water Fund        |         |         |          |          |          |          |          |          | 277.6    | 518.4    |
| Exxon                             |         |         |          |          |          |          | 130.3    | 1,785.7  | 630.2    | 630.2    |

|                                           |          |          |          |          |          |          |          |                                          |          |          |
|-------------------------------------------|----------|----------|----------|----------|----------|----------|----------|------------------------------------------|----------|----------|
| OTHER FUNDS                               | 14,032.4 | 21,632.7 | 25,664.0 | 26,938.4 | 29,246.2 | 28,953.0 | 29,858.4 | 33,320.1                                 | 34,166.8 | 35,712.5 |
| % (REDUCTION) OR INCREASE FROM PRIOR YEAR |          | 54%      | 19%      | 5%       | 9%       | (1%)     | 3%       | 12%                                      | 3%       | 5%       |
|                                           |          |          |          |          |          |          |          | % INCREASE OR OR (REDUCTION) SINCE FY 91 |          | 155%     |

**Total Funds**

|                                           |          |          |          |          |          |          |          |                                       |          |          |
|-------------------------------------------|----------|----------|----------|----------|----------|----------|----------|---------------------------------------|----------|----------|
| TOTAL FUNDS                               | 41,355.2 | 44,027.9 | 46,335.1 | 46,143.9 | 47,720.8 | 46,931.4 | 45,763.2 | 46,593.6                              | 46,915.2 | 47,782.8 |
| % (REDUCTION) OR INCREASE FROM PRIOR YEAR |          | 6%       | 5%       | (0%)     | 3%       | (2%)     | (2%)     | 2%                                    | 1%       | 2%       |
|                                           |          |          |          |          |          |          |          | % INCREASE OR (REDUCTION) SINCE FY 91 |          | 16%      |

**Staffing**

|                                           |     |      |     |      |     |      |      |                                       |     |      |
|-------------------------------------------|-----|------|-----|------|-----|------|------|---------------------------------------|-----|------|
| Permanent, Part Time and Temporary        | 492 | 488  | 505 | 504  | 510 | 506  | 491  | 494                                   | 497 | 488  |
| % (REDUCTION) OR INCREASE FROM PRIOR YEAR |     | (1%) | 3%  | (0%) | 1%  | (1%) | (3%) | 1%                                    | 1%  | (2%) |
|                                           |     |      |     |      |     |      |      | % INCREASE OR (REDUCTION) SINCE FY 91 |     | (1%) |

\*FY92 Authorized "Other Funds" does not include funding attributed to the Exxon Valdez Oil Spill - 38891.8 RF & 7193.7 I/A.

\*\*FY93 Authorized "Other Funds" does not include funding attributed to the Exxon Valdez Oil Spill - 33735.0 RF & 9045.0 I/A RF .

\*\*\*FY94 Authorized "Other Funds" does not include funding attributed to the Exxon Valdez Oil Spill - 36,635.5 RF& 2,284.6 EVOS.

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION**  
**Authority to Seek Professional Services (ASPS)/Request for Alternative Procurement (RAP) Log**  
**Executed in Fiscal Year 1999**

| Contract Number | ASPS Number | RAP Number    | Division | Contractor Name                        | \$ Amount | Fund Source |          | Term Period        | Description                                               |
|-----------------|-------------|---------------|----------|----------------------------------------|-----------|-------------|----------|--------------------|-----------------------------------------------------------|
|                 |             |               |          |                                        |           | GF          | Other    |                    |                                                           |
| 18-3010-99      | N/A         |               | A&WQ     | Boreochem Laboratories                 | \$6,604   |             | X        | 8/24/98 - 9/30/98  | Laboratory Analysis of stream water samples               |
| 18-3015-99      | 99-0119     |               | A&WQ     | Worldwide Environmental                | \$52,480  |             | X        | 8/23/99 - 6/30/04  | I/M Program Emission Test System Dev.                     |
| 18-3018-99      | 99-0148     |               | A&WQ     | Nat'l Wetlands Science                 | \$150,000 |             | X        | 2/1/99 - 6/30/99   | Wetlands Reg. Guidebooks and Workshops                    |
| 18-3021-99      | N/A         |               | DAS      | Nature Connections                     | \$20,600  |             | X        | 5/27/99 - 8/10/99  | Model Annual Report                                       |
| 18-3007-99      | 99-0072     |               | EH       | Livingston Stone                       | \$131,000 |             | X        | 8/18/98 - 10/31/98 | Food Safety Lab Feasibility Study                         |
| 18-3011-99      | N/A         |               | EH       | Systems Management, Inc.               | \$10,000  |             | X        | 9/1/98 - 12/31/98  | Drinking Water AREV Consulting                            |
| 18-3009-99      | N/A         |               | FC&O     | Northern Testing Laboratory            | \$40,000  |             | X        | 10/23/98 - 3/31/00 | Operator Training Materials Development                   |
| 18-3019-99      | N/A         |               | FC&O     | Craig Nordgren Consulting              | \$4,700   |             | X        | 4/6/99 - 4/30/99   | Operator Training Workshop                                |
| 18-3023-99      | N/A         | Single Source | FC&O     | Alaska Native Tribal Health Consortium | \$9,000   |             | X        | 5/15/99 - 5/31/99  | Programmable Logic Controller Training                    |
| 18-80-5005-99   | N/A         |               | FC&O     | Jim O'Neil Consulting                  | \$4,800   |             | X        | 5/25/99 - 6/11/99  | Water Operator Training Workshop Level 1/Fbx              |
| 18-80-5508-99   | N/A         |               | FC&O     | Montgomery Watson                      | \$3,488   |             | X        | 6/10/99-6/30/99    | State Revolving Loan Fund Brochure Design                 |
| 18-3001-99      | N/A         |               | SPAR     | OilRisk Consultants                    | \$7,000   |             | X        | 12/7/99 - 6/30/01  | Tesoro Risk Assessment Review- Group Two                  |
| 18-3002-99      | 99-0060     |               | SPAR     | OASIS Environmental                    | \$100,000 |             | X        | 11/16/98 - 9/30/99 | Pipeline and Tank Leak Detection                          |
| 18-3003-99      | N/A         |               | SPAR     | Oil Risk Consultants                   | \$15,000  |             | X        | 8/14/98 - 6/30/01  | Review risk assessment work plans                         |
| 18-3004-99      | 99-063      |               | SPAR     | OASIS Environmental                    | \$99,522  |             | X        | 12/9/98 - 6/30/99  | Tundra Treatment Guidelines                               |
| 18-3005-99      | N/A         |               | SPAR     | HMS, Inc                               | \$20,320  |             | X        | 8/15/98 - 6/30/00  | Underground Storage Tank Financial Assistance Program     |
| 18-3008-99      | N/A         |               | SPAR     | Resources Data, Inc.                   | \$18,500  |             | X        | 8/14/99 - 6/30/99  | Contaminated Sites table and data migration to SQL server |
| 18-3012-99      | N/A         |               | SPAR     | Resources Data, Inc.                   | \$18,590  |             | X        | 9/9/98 - 6/30/99   | SQL Database Conversion                                   |
| 18-3016-99      | N/A         |               | SPAR     | Collar Marine                          | \$50,000  |             | X        | 12/15/98 - 3/31/00 | Hinchinbrook Rescue Tug Best Available Technology         |
| 18-3017-99      | N/A         |               | SPAR     | Environmental Resources Associates     | \$6,000   |             | X        | 1/26/99 - 6/30/99  | Performance Evaluation Samples                            |
| 18-3020-99      | N/A         | Single Source | SPAR     | Resources Data                         | \$33,500  |             | X        | 3/15/99 - 6/30/01  | Merging, optimization, and modification of databases      |
| 18-3022-99      | N/A         |               | SPAR     | Document Technology                    | \$15,706  |             | X        | 5/21/99 - 6/30/99  | Document conversion to CD-ROM                             |
| 18-3024-99      | N/A         | Single Source | SPAR     | Charles Webster & Associates           | \$7,000   |             | X        | 5/17/99 - 6/10/99  | Crisis Media Management Training                          |
| 18-3025-99      | N/A         |               | SPAR     | Resources Data, Inc.                   | \$25,000  |             | X        | 7/12/99 - 12/31/99 | Map Interface Controls                                    |
| 18-3026-99      | N/A         | Single Source | SPAR     | Shannon & Wilson                       | \$19,000  |             | X        | 5/28-99 - 6/30/99  | AK Specific Ecological Assessment Endpoints               |
| 18-3000-99      | 99-0030     |               | SPS      | Ross & Associates                      | \$54,000  | \$1,620     | \$52,380 | 7/16/98 - 12/30/99 | AK Environmental Leadership Program                       |
| 18-3014-99      | N/A         |               | SPS      | Montgomery Watson                      | \$29,976  |             | X        | 11/1/98 - 8/31/99  | Lower Cook Inlet Waste Management Plan                    |
| 18-3027-99      | N/A         | Single Source | SPS      | Montgomery Watson                      | \$19,984  |             | X        | 6/15/99 - 8/31/99  | Lower Cook Inlet Waste Management Plan                    |



**Subject: Handouts for the DEC privatization subcommittee meeting**

**Date:** Sun, 10 Oct 1999 14:14:17 -0800

**From:** "Siroky, Mary" <MSiroky@envircon.state.ak.us>

**To:** "Annette Deal: Rep. Cowdery's office" <Annette\_Deal@legis.state.ak.us>,  
"Debra Higgins" <Debra\_Higgins@legis.state.ak.us>,  
"Bob Gilfilian -" <bob\_gilfilian@ge2t.com>,  
Anchorage Legislative Information Office <Anchorage\_LIO@legis.state.ak.us>,  
Fairbanks Legislative Office <Fairbanks\_LIO@legis.state.ak.us>,  
Juneau Legislative Information Office <Juneau\_LIO@legis.state.ak.us>,  
Ketchikan Legislative Information Office <Ketchikan\_LIO@legis.state.ak.us>

**CC:** "Fredriksson, Kurt" <KFredrik@envircon.state.ak.us>,  
"Stonkus, Virginia" <VStonkus@envircon.state.ak.us>,  
"Rogers, David" <David\_Rogers@envircon.state.ak.us>,  
"Adair, Janice" <JAdair@envircon.state.ak.us>,  
"Conway, Mike" <MConway@envircon.state.ak.us>,  
"Easton, Dan" <DEaston@envircon.state.ak.us>,  
"Frank, Barbara" <BFrank@envircon.state.ak.us>,  
Larry Dietrick <LDietric@envircon.state.ak.us>,  
Tom Chapple <TChapple@envircon.state.ak.us>

Here are three handouts for the meeting of the DEC privatization subcommittee on Monday Oct. 11 at 1:30pm.

<<Memo to Virgil.doc>> <<1991-2000 Authorized & Staffing.xls>>  
<<PSContracts99.xls>>

The 2nd and 3rd attachments are excel spreadsheets. They each should print on one page in landscape. I have had trouble printing them and have had to go in to print, properties and click on landscape, even though landscape is already selected click on it again. When I have done that the two spread sheets have printed fine. If you have any problems give me a call at -465-5355.

mary

|                                                                                                               |                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <u>Memo to Virgil.doc</u> | <b>Name:</b> Memo to Virgil.doc<br><b>Type:</b> Winword File (application/msword)<br><b>Encoding:</b> base64<br><b>Download Status:</b> Not downloaded with message |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                    |                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <u>1991-2000 Authorized &amp; Staffing.xls</u> | <b>Name:</b> 1991-2000 Authorized & Staffing.xls<br><b>Type:</b> Microsoft Excel Worksheet<br>(application/vnd.ms-excel)<br><b>Encoding:</b> base64<br><b>Download Status:</b> Not downloaded with message |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                              |                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <u>PSContracts99.xls</u> | <b>Name:</b> PSContracts99.xls<br><b>Type:</b> Microsoft Excel Worksheet (application/vnd.ms-excel)<br><b>Encoding:</b> base64<br><b>Download Status:</b> Not downloaded with message |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**DEPT. OF ENVIRONMENTAL CONSERVATION**

**DIVISION OF ENVIRONMENTAL HEALTH  
DIRECTOR'S OFFICE  
555 CORDOVA STREET  
ANCHORAGE, ALASKA 99501  
<http://www.state.ak.us/dec/deh>**

**Telephone: (907) 269-7644  
Fax: (907) 269-7654  
e-mail: [jadair@envircon.state.ak.us](mailto:jadair@envircon.state.ak.us)**

October 5, 1999

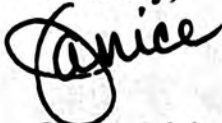
Virgil Norton, Chairman  
Department of Environmental Conservation (DEC)  
Privatization Subcommittee  
C/O The Office of Senator Jerry Ward  
716 West 4<sup>th</sup> Avenue, Suite 450  
Anchorage, Alaska 99501

Dear Mr. Norton:

Enclosed you will find the letter I received from the Environmental Protection Agency Region 10 regarding contracting out engineering services in the Drinking Water Program. You'll recall this was an issue I was asked about during my division's overview and I promised to send you the response from EPA once I had received it.

Please let me know if you have any other questions or would like to discuss this matter further.

Sincerely,



Janice Adair  
Director

Enclosure

➤ Letter dated September 30, 1999 from Randy Smith, EPA

cc: Commissioner Michele Brown

*Safe Food, Safe Water, Healthy Communities*





**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 10  
1200 8th Avenue  
Seattle, WA 98101**

ADEC/ANCHORAGE  
ENVIRONMENTAL HEALTH

OCT - 4 1999

RECEIVED

SEP 30 1999

Reply To  
Attn Of: OW-136

Janice Adair, Director  
Division of Environmental Health  
Alaska Dept. of Environmental Conservation  
555 Cordova Street  
Anchorage, Alaska 99501

Dear Ms. Adair.

I asked Mike Cox to look into the issue you raised in your letter of September 8, regarding privatizing the Department's drinking water plan and specification review activity. We also canvassed the other EPA regions to see if they were aware of any other states which have privatized this activity (other Region 10 states conduct plan and specification reviews with their own staff).

First, we see no legal or inherent programmatic problem with using private consulting engineers for plan and specification review. There would need to be well-defined standards or guidelines for the consulting engineers to use, and the potential conflict-of-interest issue could prove difficult to address, but should not be insurmountable. Unfortunately, we did not learn of any other states which have privatized this function, so we are unable to suggest anyone whom you could contact who has direct experience in this matter. Perhaps the upcoming Association of State Drinking Water Administrators' meeting will provide an opportunity to discuss this with other states.

EPA, of course, frequently uses contractors to support our staff in various regulatory functions. In my experience, this sometimes works very well, and sometimes there are significant problems. Should you decide to increase your reliance on private contractors, here are a few things that I would keep in mind, based on my own experience:

(1) State ADEC staff are still needed who are technically knowledgeable about the work to be performed. As one consulting engineer once told me, "a good client makes for a good consultant." That is, the state staff responsible for the work overall need to know what good work looks like, and what to do should the quality of the private engineers' work slip. You cannot entirely disinvest in your own staff, once you've privatized the function.

(2) Conflict-of-interest issues can sometimes create problems, especially if the engineering work is being done by large firms with many lines of work and clients. I do not know what your state's policies are on this; federal policies on conflicts of interest are fairly strict, and so we

sometimes have suddenly lost a contractor on a work assignment, due to a conflict with some other work they have taken on. This is a manageable problem, not an insurmountable one, but one to be aware of.

(3) Transitions between contractors are another area that will need careful attention. EPA typically awards multi-year contracts for large blocks of work. During the life of the contract, there is a lot of continuity with the contractor, with just some transition problems due to turnover of individual contractor staff (no different than turnover of government employees). But when a contract ends, there can be major work involved in the transition to another organization. Of course, it is very important for contracts to be limited in time, and to be recompeted, in order to get the economic benefits from a competitive marketplace. But those transitions then can be a little difficult.

(4) Finally, you need to be aware that once you become reliant on contractors for an important function, you might lose a contractor suddenly, if audits disclose problems that make it inappropriate to continue with them. EPA has had this problem more than once due to the discovery of laboratory fraud, which has suddenly cast a deep shadow on the work of a given firm. And we just recently lost the services of one of our contractors, who was suspended from doing further government work due to some very serious accounting problems discovered in an audit.

None of these concerns are reasons not to contract with private firms. As I said earlier, EPA uses contractors to support a good portion of our work, and we will continue to do so. But it does require a strong commitment to having government staff who are both technically knowledgeable about the work to be done, and appropriately trained in good contract management.

Please keep us advised as you work through this issue with your subcommittee. We would be happy to assist you in any way we can.

Sincerely,

A handwritten signature in dark ink, appearing to read "Randy Smith", with a stylized flourish at the end.

Randall F. Smith  
Director  
Office of Water



# Department of Environmental Conservation, Division of Facility Construction and Operation

Report to Privatization Commission September 1999

## What is Facility Construction and Operation?

The Division of Facility Construction and Operation (FCO) is a BRU with a single component within the Department of Environmental Conservation. Services are delivered via five programs.

## What is our Mission?

The mission of FCO is to provide financial and technical assistance to local governments for construction and operation of water, sewerage and solid waste projects.

## Programs

Village Safe Water

Municipal Water, Sewerage and Solid Waste Matching Grants

Municipal Loans

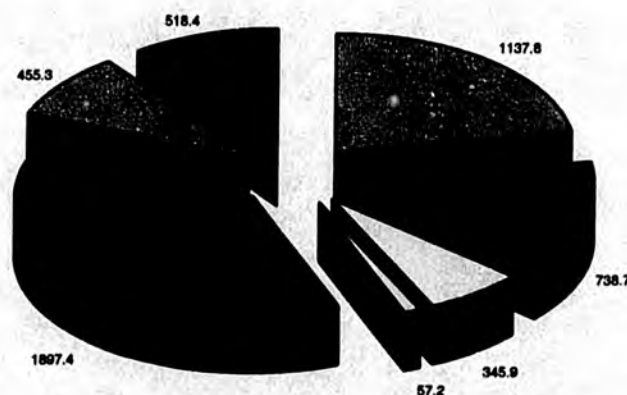
Operator Certification

Remote Maintenance Workers

## How is the Division of Facility Construction and Operation funded (part one)?

The Division's operating budget relies on a mix of funding sources to cover operating expenses.

|                               |        |      |
|-------------------------------|--------|------|
| Federal Receipts              | 1137.8 | 22%  |
| General Fund Match            | 738.7  | 14%  |
| General Fund                  | 345.9  | 7%   |
| General Fund/Program Receipts | 57.2   | 1%   |
| Capital Budget Receipts       | 1897.4 | 37%  |
| Clean Water Fund              | 455.3  | 9%   |
| Drinking Water Fund           | 518.4  | 10%  |
|                               | 5150.7 | 100% |



Legend for the pie chart:

- Federal Receipts 22%
- General Fund Match 14%
- General Fund 7%
- GF/Program Receipts 1%
- Capital Budget 37%
- Clean Water Fund 9%
- Drinking Water Fund 10%

PLEASE DISTRIBUTE  
DEC Subcommittee Meeting  
Commission on Privatization  
Meeting Date: 10/11-Monday  
Meeting Time: 1:30pm  
Number of Pages: 15

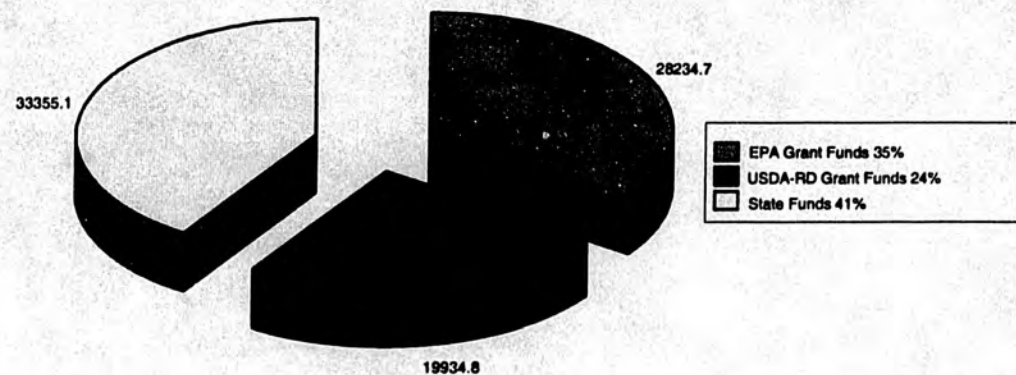
## Facility Construction and Operation

### How is the Division of Facility Construction and Operation funded (part two)?

In addition to its operating budget, the Division also manages a capital budget.

|                     |         |      |
|---------------------|---------|------|
| EPA Grant Funds     | 28234.7 | 35%  |
| USDA-RD Grant Funds | 19934.8 | 24%  |
| State Funds         | 33355.1 | 41%  |
|                     | 81524.6 | 100% |

Ninety-eight percent (\$79.6 million) of this capital budget is provided to communities as grants or loans for water, wastewater and solid waste projects. Two percent (\$1.9 million) goes to the operating budget to pay for programs.



### Who are our customers?

- Communities
- Community Water and Wastewater System Operators



## **Facility Construction and Operation**

---

### **What fees are charged?**

The division charges fees to certify operators of water and wastewater systems:

- Application Fee           \$20
- Examination Fee         \$30
- Certificate Renewal Fee   \$50

### **What's our relationship to the federal government?**

A large part of the funding for the five programs is provided by annual grants from the U.S. Environmental Protection Agency (\$28 million) and the U.S. Department of Agriculture (\$20 million). Receiving those grants obligates the state to comply with a number of federal rules governing how the State administers those funds including such things as assuring that funds are used in accordance with federal law, reporting program expenditures and achievements to the granting agency, conducting financial audits, etc.

The Municipal Loan Program must be administered in accordance with federal statutes, regulations and guidance.

The Operator Training and Certification program must meet minimum standards specified by the federal Safe Drinking Water Act and Clean Water Act, as well as associated federal regulations and guidance.

### **Why us and not the feds?**

The programs operated by this Division are exclusively state initiatives. Unlike many other DEC programs, the state does not operate the programs in lieu of federal management. The programs can only be operated by the state. Federal management is not an option.

# Facility Construction and Operation

---

## What do we do and why?

### Primary Activities

#### Village Safe Water

Provide financial and engineering assistance to Alaska's smallest communities for water, sewerage and solid waste facility planning, design and construction.

#### Municipal Water, Sewerage and Solid Waste Matching Grants

Provide grants with a local match requirement and engineering assistance to larger communities for water, sewerage and solid waste projects.

#### Municipal Loans

Provide low-interest loans and engineering assistance to communities for water, sewerage and other types of wastewater projects.

#### Operator Training and Certification

Develop training programs, administer certification exams, establish certification proficiency standards, coordinate statewide training schedules, staff the Alaska Water and Wastewater Works Advisory Board, and maintain files and a database of certified water and wastewater operators.

#### Remote Maintenance Workers

Provide over-the-shoulder and emergency assistance to remote community water and sewerage system operators.

### Results

A new, basic level of water and sewer service extended to an average of 800 households in rural Alaska each year.

Upgrades in municipal water, sewerage and solid waste facilities to keep pace with community needs and evolving drinking water, wastewater and solid standards.

Upgrades in municipal water and wastewater facilities to keep pace with community needs and evolving drinking water and wastewater standards.

Individuals that are competent to operate Alaska's water and sewer systems.

No catastrophic water or sewerage system failures due to freezing since 1989.

Protection of the state and federal investment in sanitation facilities

Improved system operation, water and wastewater quality, compliance with state and federal standards.



## **Facility Construction and Operation**

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### **What's privatized in this Division?**

1. \$80 million annually (based on FY00) in feasibility studies, project design, construction, construction management.
2. Village Safe Water project financial management.
3. Annual loan program financial audits.
4. Operator training material and curricula development.
5. Operator training delivery.
6. Operator certification exam proctors.
7. 10 of 13 Remote Maintenance Workers.

# Department of Environmental Conservation, Division of Spill Prevention and Response

Report to Privatization Commission October 1, 1999

## What is Spill Prevention & Response?

The Division of Spill Prevention and Response is comprised of three budget request units and six budget components that work together with Alaskans and industry to provide the safe handling and storage of petroleum products and to cleanup spills and contamination where public health or our environment is at risk.

## What is our Mission?

To prevent, respond to, and ensure the cleanup of unauthorized discharges of oil or hazardous substances.

## Who are our Customers?

Citizens with concerns or complaints about spills, tank owners and operators, Underground Tank Owners and Operation Association (AUTOO), qualified consultants for assessment and cleanup of contaminated sites, municipalities, local governments and villages, owners and operators of contaminated sites, subsistence resource users, other state agencies, financial institutions and realtors, federal facilities such as U.S. Air Force, U.S. Army, U.S. Coast Guard, oil exploration, production and refinery industry, rural electric cooperatives, municipalities (City of Anchorage, North Slope Borough), oil vessel transporters (tankers and barges), refineries, crude oil transmission pipeline operators, numerous industry small bulk fuel facilities, environmental groups, chemical handlers and transporters, regional citizens' advisory councils.

## How is Spill Prevention & Response funded?

The Oil and Hazardous Substance Release Prevention and Response Fund (Response Fund) was created by the Legislature in 1986 as a way to provide funding for the safe handling of oil and hazardous substances based on a "user pays" principle. There have been four amendments since then fine-tuning how it works with the most recent being in 1994 which created separate response and prevention accounts. The Division of Spill Prevention and Response receives no General Funds. The Alaska legislature created the Response Fund to specifically fund these activities. Furthermore, the legislature expressed its intent and declared it to be public policy that funds for abatement of an oil or hazardous substance release will always be available (AS 46.08.030). The department aggressively seeks to cost recover all State dollars spent from the Response Fund conducting cleanup or containment activities. Monies recovered from Responsible Parties are then returned to the Response Fund to pay for new cleanup and containment activities.

Federal Funds are also received for military site cleanups including formerly used defense sites, active installations, base relocation and closures, oversight of federal civilian cleanups at the Pribilofs, program operation and management, voluntary cleanup program, operation of the Underground Storage Tank (UST) Program and cleanup of leaking underground storage tanks. The Department performs cost recovery activities to recover LUST Trust Fund Federal dollars spent on cleanup and containment activities which are then reissued to the State as federal grants to fund additional LUST activities.

## Components and Programs

Director's Office (193.1)  
Contaminated Sites (7,088.4)  
Industry Preparedness & Pipeline (2,407.8)  
Prevention & Emergency Response (3,109.9)  
Response Fund Administration (1,642.1)  
Local Emergency Planning Committees (543.4)

## FY 00 Authorized Funding

|                       |                   |             |
|-----------------------|-------------------|-------------|
| Response Fund         | 10,662.1          | 71%         |
| Federal Receipts      | 3,077.4           | 20%         |
| STAF                  | 917.6             | 7%          |
| CIP                   | 249.1             | 1.5%        |
| Inter Agency Receipts | 78.5              | .5%         |
|                       | <b>\$14,984.7</b> | <b>100%</b> |



# Contaminated Sites Program

## FY 00 funding by source

|                       |                |
|-----------------------|----------------|
| Federal               | 3,068.9        |
| Response Funds        | 2,918.1        |
| Storage Tank Funds    | 917.6          |
| Capital Project Funds | 183.8          |
|                       | <b>7,088.4</b> |

## We Charge for:

We recover all state costs for site investigation and cleanup.  
Annual Underground Storage Tank Registration Fees (900 tanks) = 50.0 (annually)  
UST Site Risk Assessment Contract Costs (25.0)  
Management of Department of Defense cleanups (through a federal grant)  
Program operating costs through .03/barrel surcharge on crude oil production.

## What we do and why?

### Primary Activities

#### Assess and clean up the highest risk contaminated sites.

- Rank contaminated sites based on risk to public health and the environment.
- Ensure responsible parties clean up their contaminated sites.
- Investigate and clean up high priority state-owned sites and "orphan" sites where responsible party is unknown or unwilling to take action.
- Apply consistent and measurable clean up standards.
- Expand the voluntary clean up program to include low & medium risk sites contaminated with hazardous substances in addition to the current low/medium risk petroleum contaminated sites.
- Provide financial assistance to owners and operators of leaking underground storage tanks for cleanup.
- Provide technical assistance to responsible parties cleaning up contaminated facilities.
- Provide financial assistance and conduct compliance reviews and inspections for cleanup.

#### Promote cost effective solutions.

- Employ risk-based clean up standards.
- Involve the public in the clean up process.
- Encourage clean up and economic reuse of industrial properties through relieving prospective purchaser's liability in exchange for cleanup work.
- Authorize and monitor commercial remediation facilities that receive contaminated soils.

### Results

Reduction in human exposure to hazardous substances in the environment.

Reduction in damage to property and natural resources

Increase in number of properties being placed back into economic reuse/development and subsistence and recreational use.

Reduce the financial burden on underground storage tank owners for compliance with federal spill prevention requirements.

Reduce the number and size of releases from underground storage tanks.

Increased rate of clean up at lower priority sites with reduced government oversight.

Reduce the number and size of spills at rural bulk fuel facilities by educating and training owners and operators about proper fuel handling/storage, prevention strategies, the hazards of improper handling/storage, and clean up of spills.

# Contaminated Sites Program

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## **Prevent spills from underground storage tanks.**

- Register all tanks and enter all tanks, tank closures, site assessment/tank tightness tests, and upgrades on a statewide underground storage tank database.
- Provide financial and technical assistance to facilitate private and public underground storage tank owners' compliance with federal regulations for spill prevention upgrades or tank closures.
- Verify status of underground storage tanks compliance with spill prevention standards.
- Enter into compliance order by consent with tank owners who failed to meet 1998 deadline.
- Educate and train small volume commercial fuel tank owners and operators in proper tank operation and spill prevention and response methods.

## **What's our relationship to the federal government?**

The federal government funds program development to increase state capacity to investigate and clean up contaminated sites.

The Department of Defense provides funding to the program to ensure their clean ups meet state requirements. Providing this funding "up front" results in full "cost recovery" of the program's management of Defense site clean ups without incurring legal costs to obtain recovery after state funds are spent.

DEC has been designated by the federal government to implement RCRA Subtitle I (UST/LUST) in Alaska. The federal government provides grant funds in support of this effort.

## **Why us and not the feds?**

The state is funded by three federal agencies, Department of Defense (DOD), Environmental Protection Agency (EPA) and National Oceanic and Atmospheric Administration (NOAA) to oversee federal investigations and clean up of sites contaminated by oil and other hazardous substances in Alaska. Department involvement ensures that federal cleanups meet the same state standards required at all other contaminated sites. Without the state program, the DOD, EPA and NOAA would only address sites of national significance and would make their own clean up decisions without consideration of Alaskan communities and their best interests, including protection of subsistence resources. It is likely that petroleum contaminated sites would not be cleaned up at all. Property will be conveyed to public and private institutions with long term contamination and economic liabilities.

State development of the "core" contaminated sites cleanup program and the voluntary clean up program are funded by the EPA. Both are state run programs and neither service would be delivered by EPA in the State. Under the "core" program, the department receives federal money for cleanup program development, which is not related to any one site. This funds the development of clean up guidelines, policies, professional training for staff, and funds state review of federal cleanup guidelines. If the



# Contaminated Sites Program

federal funds were returned, the state would need to fund these services or experience inconsistent clean ups with higher costs. The voluntary clean up program encourages private party clean up of contaminated sites with minimal department involvement. Without the voluntary clean up program, responsible parties will have no incentive for clean up, the contamination will remain, and in the future may result in a clean up requiring substantial state involvement and costs.

The state receives federal funds to regulate underground storage tanks to prevent contamination from leakage. The state also receives federal funds to help the owner identify, investigate and clean up leaks once they do occur. This assistance facilitates property transfers and commercial transactions. Should the state stop providing the services, the EPA will assume responsibility for the program in the state. The federal approach is to employ strict enforcement and penalty assessment rather than the technical and financial assistance offered by the state. The likely affect of a federal takeover will be some owners being forced out of business, a reduced number of fueling points in the state, a reduction in contaminated groundwater clean up efforts, a slow down in commercial transactions, increased legal costs for owners, and potentially increased legal costs for the state in the form of third party lawsuits.

## Privatization & efficiency measures

Certified UST workers to close, install and test UST's.

Qualified persons to collect samples at leaking UST sites, develop cleanup plans and remedial sites.

Approved laboratories to analyze soil and water samples from LUST sites.

Certified inspectors to inspect UST systems as a result of new regulations.

Voluntary cleanup allows independent contaminated site cleanup by interested parties reducing government oversight.

Use of qualified professionals to collect environmental samples and develop and implement cleanup plans.

Use of independent laboratories to analyze soils and water samples from contaminated sites.

Loan assistance for storage tank owners.

Development of risk based regulations for establishing cleanup levels to allow flexibility for achieving cleanup based on risk to public health or the environment.

Private party agreements for contaminated sites and leaking underground tanks (APC, KPC, ARR and others).

Cleanup agreements with DOD for military site cleanups and NOAA for the Pribilofs.

Underground storage tank agreements with NPS and FAA and other state agencies.

State Memorandum of Agreement to conduct cleanup of state owned property (DNR, DOT, F&G and Education).

# Prevention & Emergency Response Program

## FY 00 funding by source

|                |         |
|----------------|---------|
| Response Funds | 3,109.9 |
|                | 3,109.9 |

## What do we do and why?

### Primary Activities

#### Maintain response preparedness.

- Continue to improve statewide spill response preparedness through the development of local response agreements with Alaska communities.
- Develop and maintain statewide and regional spill response plans.
- Position response equipment for use by locally-trained personnel under Department direction.
- Develop and maintain statewide hazardous materials response capability.
- Conduct joint training and discharge exercises.
- Maintain and improve statewide spill reporting, resource mobilization and logistical support functions to ensure prompt and effective State response.
- Establish and maintain communication system in catastrophic spill areas.
- Train responders to use the Incident Command System for spill response management.

#### Respond to all releases of oil and hazardous substances.

- Protect public health and the environment from the effects of spills.
- Ensure the containment, control and cleanup of all significant spills.
- Require the responsible party to take prompt and appropriate action to contain, control and clean up spills.
- Identify spill response technologies suitable for Alaskan conditions.

## We charge for:

We recover all state costs for spill cleanup and containment efforts. The program seeks to recover all costs incurred in responding to spills of oil and hazardous substances from the responsible party. These funds are redeposited in the oil and hazardous substance release prevention and response fund. Program operating costs through .03/barrel surcharge on crude oil production.

### Results

Protect people and resources from the effects of the more than 2,000 spills of oil and hazardous substances which occur annually in Alaska.

Ensure that all spills are cleaned up as quickly as possible to minimize damage to public health and the environment.

Reduce impacts through preparedness and rapid response.



# Prevention & Emergency Response Program

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## **What's our relationship to the federal government?**

Under State law, DEC is the lead agency for oil and hazardous substance release prevention, planning and response. Under federal law, the U.S. Coast Guard and the U.S. Environmental Protection Agency are also responsible for these activities although neither agency has the funding or staff to serve the entire state. By working together, the USCG, the EPA, and the Department are able to maximize response resources and minimize duplicative or conflicting efforts through MOAs, integrated planning, and use of a common incident command system. Participation in this partnership ensures that State interests are met in release prevention, planning and response.

## **Why us and not the feds?**

The program represents State interests and enforces State laws regarding the protection and restoration of State resources from spill impacts. These interests are specific to the State of Alaska and require a dedicated State agency to ensure that Alaska's land, water and air is protected from the effects of oil and hazardous substance spills.

## **Privatization & efficiency measures**

Term contracts for a wide range of professional consulting services including cleanup, drills and technical services.  
Direct pay for logistical support services, transportation, warehousing, and rental equipment.  
Pre-positioned response equipment for use by spillers, on-scene coordinators and government agencies.  
Training and technical assistance for spill response and contaminated site workers through 40- hour HAZWOPER training.  
Competitive contracts for publications, spill summary reports, statewide hazmat response inventories, technical experts and others.  
Emergency contracts for initial containment and control actions.  
Memorandum of Agreements with EPA and USCG to coordinate prevention, preparedness and response.  
Memorandum of Agreements for transfer of spill response assets to local government for spill response.  
Integrated oil spill response and statewide disaster planning with other state agencies.  
Community Spill Response Agreements with over 20 communities.  
Incident Command System for emergency response.  
Anchorage and Fairbanks Hazmat agreements.  
Mutual aid agreement with the West Coast states and British Columbia.  
Mutual aid agreement with Canada for Southeast Alaska and Beaufort Sea spill response.  
Unified response planning with state, local and federal agencies.  
Private contracts for a range of professional consulting services, cleanup and technical services.  
Emergency contracts for immediate containment, control or patch and plug operations.  
Training and technical assistance for spill response and contaminated site workers through 40-hour HAZWOPER training.  
Standardized tactics manual for oil spill response and cleanup agreements with various responsible parties to enhance spill cleanup.

# Industry Preparedness & Pipeline Program

## FY 00 funding by source

|                       |                |
|-----------------------|----------------|
| Response Funds        | 2,255.5        |
| Inter Agency Receipts | 143.8          |
| FED                   | 8.5            |
|                       | <b>2,407.8</b> |

## We charge for:

Initial and renewal fees for registration of Primary Response Action Contractors.  
Program operating costs through .03/barrel surcharge on crude oil production.

## What do we do and why?

### Primary activities

**Verify facility & vessel operators have adequate resources to respond to oil spills.**

- Approve oil discharge prevention and response contingency plans.
- Inspect response equipment inventories and conduct spill response exercises and drills.
- Certify that 100% of the operators have approved financial capability to respond to spills.
- Conduct drills to ensure response readiness.

**Ensure facility and vessel operators are operating with required spill prevention technologies.**

- Approve oil discharge prevention and response contingency plans.
- Prevent spills by inspecting facilities, pipelines and marine vessels.
- Ensure operators implement Best Available Technology in their operation and contingency plans.
- Verify that state-of-the-art escort tractor tugs under construction for the Prince William Sound tanker fleet are placed into operation before the winter of FY 2000.

**Increase North Slope open water and broken ice oil spill response capability.**

- Test ability of North Slope operators to respond in broken ice.

### Results

Ensure that oil handlers prevent spills.

Ensure oil handlers are financially and technically prepared to clean up spills.



# Industry Preparedness & Pipeline Program

## **What's our relationship to the federal government?**

Federal contingency planning and financial responsibility requirements are distinct and separate from state requirements. The state has responsibility for contingency plans for onshore and offshore facilities out to the 3 mile limit and for any oil barge or tank vessels operating in State waters. For smaller onshore facilities that do not meet the State's regulatory threshold requirements, the EPA requires a Spill Prevention Control, and Countermeasure (SPCC) Plan. Federal offshore contingency plans are required and administered by the USCG for vessels and by Minerals Management Services (MMS) for oil development operations.

## **Why us and not the feds?**

State contingency plan and financial responsibility laws and regulations are separate and generally more stringent than federal requirements. In many cases, state approved plans are submitted to federal agencies to meet their requirements, and supplemented as necessary. By statute, ADEC has the responsibility for ensuring compliance with State laws and regulations for contingency plans, drills, inspections and proof of financial responsibility for terminal and tank farm facilities greater than 10,000 barrels, oil tank and barge vessels, exploration, production and refineries, and for crude oil transmission pipelines.

## **Privatization & efficiency measures**

Competitive contracts for publications, spill summary reports, statewide hazmat response inventories, technical experts and others.

Alternative compliance option for non crude shippers.

Contracts for subject matter experts.

Coordinated contingency plan reviews to streamline state and federal plan review requirements.

Industry project review teams.

Integrated tactics manual for oil spill response.

Standardized spill scenarios.

Term contracts for a wide range of private sector professional consulting services.

# Response Fund Administration

## FY 00 funding by source

|               |         |
|---------------|---------|
| Response Fund | 1,642.1 |
|               | 1,642.1 |

## We charge for:

Program operating costs through .03/barrel surcharge on crude oil production

## What we do and why?

### Primary Activities

Recover the state's costs for responding to an unauthorized release of oil or hazardous substance.

- Notify spillers of their obligation to reimburse state expenditures for responding to the responsible party's spill.
- Record all state expenditures to control, contain and clean up oil or hazardous substance spills.
- Refer cost recovery cases to the Department of Law for settlement.
- Follow financial planning strategies to guide annual response fund budget requests.
- Recover eligible costs expended for spill cleanup and containment from the federal Oil Spill Liability Trust Fund.
- Consolidate state agency requests for response funds to carry out the state's spill prevention and response priorities.

### Results

Track State costs for responding to spills and take appropriate action to recover those costs from the responsible party.

Reimbursable Services Agreements with Departments of Fish and Game, Natural Resources, Military and Veterans Affairs, Administration, and Law to conduct spill prevention and response activities such as Industry and State/Regional Contingency Plan Reviews, disaster planning and control, adequate telecommunications support, and legal support for cost recovery and enforcement activities result in coordinated approach to spill prevention and disaster planning.

## What's our relationship with the federal government?

None.

## Why us and not the feds?

Not delegable.

## Privatization & efficiency measures

Coordinated cost recovery process with Department of Law.  
Streamlined cost recovery through implementation of regulations.



# Local Emergency Planning Committees (LEPCs)

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## FY 00 funding by source

|               |       |
|---------------|-------|
| Response Fund | 543.4 |
|               | 543.4 |

## We charge for:

The Municipality of Anchorage has established a local Community-Right-to-Know reporting requirement and charges reporting fees to fund the Municipality's program.

## What we do and why?

### Primary Activities

- Implement Tier II reporting requirements under federal and State Community-Right-to-Know laws.
- Complete all hazmat annex plans for each local community emergency plan as required.
- Update inventory of businesses storing chemicals.

### Results

Inform public about chemical hazards.

Ensure local response plans account for chemical hazards.

## What's our relationship to the federal government?

This is an unfunded federal program to meet EPA's Community Right to Know law. EPA has provided minimal technical assistance and federal funds should be used to meet these federal requirements.

## Why us and not the feds?

The State has chosen to fund this program in lieu of any federal funding.

## Privatization and efficiency measures

Businesses required to report should pay fees necessary to cover costs of this program.

**To: Annette**

**From: Debbie**

**Date: 9/22/99**

**Re: DEC Subcommittee Meeting of 9/22/99 @ 1:30pm in room 210**

- 1. Materials – 9/21 handouts, 3 sets – 1) DEC-Div of Public Service, 12 pg  
2) DEC-Div of Air & Water Quality, 19 pg and 3) Jerry Brookman, 2 pg**
- 2. Faxed: #2 – Jun LIO and #3 – Fbks LIO, Jun LIO, Ketchikan LIO**



## FACSIMILE TRANSMITTAL COVER SHEET



STATEWIDE PUBLIC SERVICE DIVISION  
JUNEAU PUBLIC SERVICE OFFICE  
410 WILLOUGHBY AVE., SUITE 105  
JUNEAU, ALASKA 99801

PH: (907) 465-5350  
FAX (907) 465-5362

Transmittal Date: \_\_\_\_\_

Please Deliver To: DEC Subcommittee members Receiving

Fax Number: \_\_\_\_\_

Attn: LIO offices

Sent by: Annette Rep Cowden's Office Number of pages, including this cover sheet: \_\_\_\_\_

COMMENTS, SUGGESTIONS OR INSTRUCTIONS: \_\_\_\_\_

✓ Anchorage LIO - 264-0119  
FAX to ✓ PRBKS LIO 456-3346  
✓ Kenai LIO 283-3045  
✓ Ketchikan LIO 225-8546  
✓ Annette 209-0223  
✓ From JUN For JUN

Please provide this to members of ADCE privatization  
Subcommittee members for the September 22th 1:30 pm  
teleconference.

MARY SIECKY  
ADCE-5350

EXTRA

DEC Subcommittee Meeting  
Commission on Privatization  
Meeting Date: 9/22  
Meeting Time: 1:30pm  
Number of Pages: 12

## Department of Environmental Conservation, Division of Statewide Public Service

Report to Privatization Commission September 22, 1999

09/22/99 WED 09:06 FAX 907 465 5274

DEC AMQ

002

### What is Statewide Public Service?

The Division of Statewide Public Service (SPS) is a BRU with a single component, within the Department of Environmental Conservation, that provides information, compliance and permit assistance to Alaska's citizens, communities and businesses in order to reduce pollution and resolve environmental problems. Additionally, SPS investigates environmental damage and threats to public health. Through compliance assistance, SPS helps small businesses and communities find ways to meet or exceed environmental protection standards and avoid onerous permitting processes.

### What is our Mission?

The mission of SPS is to provide environmental compliance assistance to communities and businesses and to help Alaskans find cost effective ways to prevent or reduce pollution.

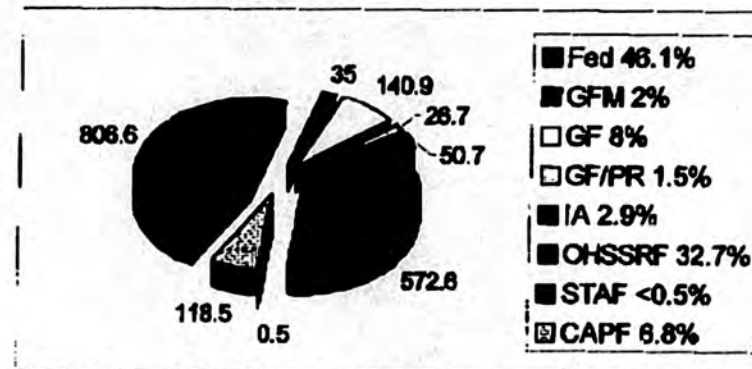
### How is Statewide Public Service funded?

The Division of Statewide Public Service operates on a mix of funding sources. Nearly half of our operating budget is federal funds, one-third is Oil and Hazardous Substance Spill Response Fund dollars, and the remaining 21% is made up of general funds, interagency receipts, and monies from the Storage Tank Assistance Fund and the Clean Air Protection Fund. Additionally, Chugachmiut provides a staff person to work with SPS on the development of the "7 Generations: Addressing Village Environmental Issues for the Future Generations of Rural Alaska" environmental assessment guide and associated train the trainer program.

#### FY00 Authorized Funding

|                               |                |               |
|-------------------------------|----------------|---------------|
| Federal Receipts              | 806.6          | 46.1%         |
| General Fund Match            | 35.0           | 2.0%          |
| General Fund                  | 140.9          | 8.0%          |
| General Fund/Program Receipts | 26.7           | 1.5%          |
| Inter Agency Receipts         | 50.0           | 2.9%          |
| Response Fund                 | 572.6          | 32.7%         |
| Storage Tank Assistance Fund  | 0.5            | 0.0%          |
| Clean Air Protection Fund     | 118.0          | 6.8%          |
| <b>Total</b>                  | <b>1,751.5</b> | <b>100.0%</b> |

FY00 funding by source





## Statewide Public Service

### Who are our customers?

- Small businesses
- Communities
- Industry needing multiple permits
- Any Alaskan in need of information or advice on how to navigate through the department, get a permit, or find ways to reduce or avoid pollution and solid or hazardous waste

### What fees are charged?

SPS does not charge for any of our services. The division is funded by an indirect funding pool, which ensures that all funding sources, including the federal government, contribute to costs. Additionally our mission is to reduce compliance costs to businesses and communities.

Staff have worked with the court system and serious violators to have fines fund supplemental environmental programs. Fines have provided the Yukon River Intertribal Watershed Council funding to conduct a household hazardous cleanup program for communities on the Yukon and Koyukuk rivers. Currently, the division is negotiating with EPA to have fines that EPA is going to receive from the Coast Guard Base at Kodiak, transferred to DEC to make up for reduced federal funding for hazardous waste management compliance assistance.

### What's our relationship to the federal government?

A significant portion of the program is funded by federal dollars for pollution prevention and hazardous waste management compliance assistance. We maintain a good working relationship with EPA, which allows the division to effectively facilitate environmental compliance for small businesses. It is our good relationship with EPA that allows for creative funding discussions such as that for use of Coast Guard fines.

## Statewide Public Service cont.

### What do we do and why?

| Primary Activities                                                                | Results                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Help communities assess, rank and begin to solve their own environmental problems | Representatives of more than 150 small communities have been trained in environmental assessment and evaluation techniques resulting in communities that can manage and prevent pollution and associated health hazards at the local level. The division developed the "7 Generations: Addressing Village Environmental Issues for the Future Generations of Rural Alaska" environmental assessment guide and the associated "Train the Trainer" course designed to build environmental management capacity within communities. |
| Reduce exposure to environmental hazards                                          | The division assists communities in conducting household hazardous waste collection events, thus preventing dangerous disposal or dumping that could lead to pollution of water supplies. In 1998 the program helped communities collect well over 240 fifty-gallon drums of hazardous materials. The environmental crimes program provides deterrents to illegal dumping of hazardous substances by investigating and resolving serious violations.                                                                            |
| Provide information and permit centers                                            | Developed on-line and paper "permit questionnaire" to guide applicants through the permit process; developed fact sheets and "plain English" easy-to-understand guidance documents; provide assistance to Alaskans seeking information on a broad spectrum of environmental issues. Annually respond to over 5,000 requests for technical assistance.                                                                                                                                                                           |
| Investigate and prosecute serious environmental violations                        | Prevents violators from receiving economic advantages and deters serious environmental crimes which endanger public health.                                                                                                                                                                                                                                                                                                                                                                                                     |
| Reduce waste generated by businesses                                              | More than \$1,400,000 has been saved by the reuse and recycling of valuable materials through the Alaska Materials Exchange. The division has assisted nearly 500 companies in implementing Green Star waste reduction and recycling activities, and significant waste reduction has already been achieved in some areas.                                                                                                                                                                                                       |



## Statewide Public Service cont.

|                                                                                                                             |                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ensure that small businesses get the specific assistance they need to prevent pollution and ensure environmental compliance | In 1999 alone, the division helped 60 companies identify and work toward correcting almost 400 hazardous waste compliance concerns, thereby avoiding EPA fines and enforcement actions                                                                     |
| Improve voluntary compliance as an alternative to environmental regulation                                                  | Program helps small businesses complete environmental permits and reduce permit costs. Provides on-site compliance assistance to businesses too small to have the resources to understand and implement complex hazardous waste management requirements.   |
| Cross-program and major project review coordination                                                                         | Staff the state emergency response commission; developed department's disaster and Y2K response plans; manage multi-program/multi-permit projects such as the Ketchikan Pulp Mill closure, clean-up and re-use, and the Anchorage Airport Gateway project. |

## Why us and not the feds?

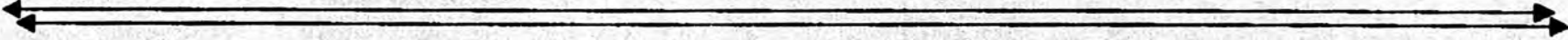
- ❖ EPA's programs are typically enforcement only.
- ❖ We provide compliance assistance that EPA does not.
- ❖ We "Alaskanize" our assistance, rather than trying to force everyone into the "one size fits all" federal mold.

### What's privatized in this program?

1. The Green Star program (waste reduction and recycling).
2. Most of the household hazardous waste collection program is done by communities. DEC only provides oversight and assistance at household hazardous waste events.
3. Large photocopying jobs, such as the Alaska Materials Exchange catalog.
4. Some outreach materials are developed by private contractors.
5. Supplemental Environmental Programs.

# **Department of Environmental Conservation, Administration**

Report to the Privatization Commission September 22, 1999



## **ADMINISTRATION -WHAT IS IT?**

Administration can be most succinctly described as an organization's "nuts and bolts", the mechanics behind the mission, the horsepower responsible for the forward momentum. The executive and legislative branches of government jointly collaborated on the Department of Environmental Conservation's design as the vehicle to help achieve healthy communities and a healthy environment. The people and services responsible for charting that vehicle's course and maintaining its road worthiness are what is referred to as "administration."

**The Office of the Commissioner** sets department policy and provides overall department management. The Commissioner's Office:

- Ensures that the department works cooperatively with regulated businesses, communities and the public;
- Sets policy;
- Ensures priority program emphasis;
- Provides paralegal support for regulatory programs; and
- Establishes and maintains an organization which emphasizes customer services.

**The Division of Administrative Services** is comprised of seven programs which provide timely and responsive support for the department's programs and personnel. These programs assure the department remains legally and financially accountable for every responsibility it has been tasked with, and that the tools necessary to successfully execute those responsibilities are in place and in good working order. Along that line, one of the main goals of the division is to continue to facilitate change and innovation in department operations. These programs are:

- Director's Office
- Finance
- Human Resources
- Data Processing/Information Systems
- Budget
- Information Office
- Divisional Administrative Support Staff





**ADMINISTRATION -WHAT IS IT? (continued)**

**The Exxon Restoration** program works to reduce the negative environmental impacts to local communities within the areas affected by the March 1989 Exxon Valdez oil spill in Prince William Sound through technical assistance and project management for restoration projects approved by the Trustee Council. The Exxon Valdez Trustee Council was created by the U.S. District Court following a joint civil and criminal settlement of state and federal natural resource damage claims with Exxon Corporation in 1991. By court order, the Department of Environmental Conservation is one of six public agencies whose designee must participate and agree on any expenditure of trust funds.

## HOW ARE THEY FUNDED?

### Office of the Commissioner

The Commissioner's Office is partially funded by indirect charges to different funding sources. Indirect costs are most easily defined as those costs incurred for a common or joint purpose benefiting more than one program.

|                    |                |               |
|--------------------|----------------|---------------|
| □ Federal Receipts | 101.7          | 26.0%         |
| □ General Fund     | <u>290.1</u>   | <u>74.0%</u>  |
|                    | <b>\$391.8</b> | <b>100.0%</b> |

The Commissioner's Office is staffed with five positions.

### Administrative Services

The Division of Administrative Services is funded by an indirect funding pool which ensures that all funding sources, including the federal government, contribute.

|                             |                  |               |
|-----------------------------|------------------|---------------|
| □ Federal Receipts          | 966.6            | 28.9%         |
| □ General Fund Match        | 146.5            | 4.4%          |
| □ General Fund              | 799.3            | 23.9%         |
| □ Inter Agency Receipts     | 94.5             | 2.8%          |
| □ Response Fund             | 1,070.3          | 32.0%         |
| □ Capital Project Receipts  | 28.6             | 1.0%          |
| □ Storage Tank Fund         | 136.6            | 4.1%          |
| □ Clean Air Protection Fund | <u>95.7</u>      | <u>2.9%</u>   |
|                             | <b>\$3,338.1</b> | <b>100.0%</b> |





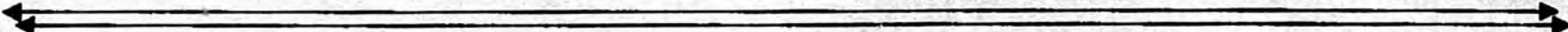
## HOW ARE THEY FUNDED? (continued)

### Exxon Restoration

The Oil Spill Trustee Council established a Restoration Office responsible for the coordination and supervision of the activities of the Council. The Restoration Office develops an annual budget which, upon approval by the Council, sets forth the anticipated expenditures of the Restoration Office.

The Restoration Office, through the Council, oversees an annual solicitation and review process for projects to address the purposes outlined in the MOA. The outcome of the process is the development of a fiscal year work plan, which approves the funding for all projects to be conducted during the fiscal year.

□ Exxon Valdez Oil Spill Settlement Fund    \$630.2    100.0%



## WHAT DO THEY DO AND WHY?

### ADMINISTRATIVE SERVICES

Beginning in fiscal year 1996, the department centralized administrative support staff and their costs in this division. At that time there were 66 positions. The fiscal year 2000 provides authorization for 51 positions. Administration has gone back to the drawing board to learn how to think few, to concentrate on the essentials, to figure out what to ignore (i.e. those services that can be safely and legally eliminated), and to simply stop doing the same old things faster. Examples of efficiencies recently realized include:

- ✓ Increased internal financial auditing to ensure compliance with all laws, statutes, and regulations pertaining to appropriations and generally accepted accounting principles with no additional funding or positions.
- ✓ Reducing out of state contacts awarded from 45% in fiscal year 1996 to 12% in fiscal year 1998.
- ✓ Assuming full delegation for position classification from the Department of Administration with no additional funding or positions.
- ✓ Standardizing the department local area networks, resulting in a 50% reduction in down time.
- ✓ Reducing delivery time for electronic mail from up to 10 minutes to less than one minute in most cases.

Centralizing administrative positions that provide direct administrative support to the program divisions *in one place*, the Division of Administrative Services, offers two distinct advantages:

- It has maximized the utilization of the department's professional fiscal and management staff resources through continuous and ongoing cross training, consolidating duties and responsibilities whenever possible, and providing the opportunity to allocate financial management expertise/skills where and when needed most.
- The ability to clearly see the number of professional level administrative support staff, and the total cost of the services provided.



**WHAT DO THEY DO AND WHY? (continued)**

**ADMINISTRATIVE SERVICES (continued)**

- **Director's Office - 2 staff**
  - Direct and manage use of administrative resources in a cost effective and efficient manner.
  - Directs sound fiscal policy.
- **Financial Services – 22 staff**
  - Collect 5.6 million dollars annually under 41 fee programs.
  - Collect 33.4 million dollars annually from 6 different federal agencies under 80 different grants.
  - Prepare financial statements and audits for seven funds with assets in excess of 186 million dollars.
  - Pay over 21,000 invoices/reimbursements within 30 days of invoice date and reimburse travel claims within 10 days of completion of travel.
  - Conduct legal procurements for 30 professional services contracts and over 400 delivery orders annually.
  - Track over 4,000 items of controlled property.
  - Manage 29 office, laboratory and storage space leases in 16 locations statewide.
  - Collect 7.6 million dollars annually under 35 agreements with other agencies.
- **Human Resources – 7 staff**
  - Issue bi-monthly payroll to 500 employees.
  - Take classification action on 150 position descriptions annually.
  - Ensure department compliance with federal and state employment laws, collective bargaining agreements and personnel policy.
  - Track family medical leave benefits for 70 employees on an on going basis.
  - Review and approve over 500 evaluations annually.
  - Ensure the legality of 100 hires per year using Workplace Alaska.



## **WHAT DO THEY DO AND WHY? (continued)**

### **ADMINISTRATIVE SERVICES (continued)**

- **Data Processing/Information Systems – 8 staff**
  - Provide network and “at the desktop” support services to 500 users in sixteen locations statewide.
  - Convert 18 priority department databases to an integrated data warehouse.
  - Design and implement access methods for the general public, legislature, other agencies, industry and communities to query the department’s integrated databases directly.
- **Budget – 3 staff**
  - Prepare the annual operating, capital and loan budget requests.
  - Provide information to the general public, to legislators, and to legislative staff, including legislative finance regarding the department budget request.
- **Information Office – 3 staff**
  - Issue over 100 advisories annually to the general public on issues such as safe food and public health alerts; spills of oil and hazardous substances; paralytic shellfish poisoning; air quality advisories; recycling; solid and hazardous waste; contaminated soil and groundwater; water quality; permit and regulatory information; and criminal deterrents to environmental crime.
  - Provide public information via the internet, which experiences over 3,000 hits (visits) monthly, such as selected permit applications; real time oil spill information; current versions of regulations; and information to help businesses comply with the regulations.
  - Provide training and assistance to professional staff in effective communications with regulated industries and communities.





## WHAT DO THEY DO AND WHY? (continued)

### ADMINISTRATIVE SERVICES (continued)

- **Divisional Administrative Support** – 6 staff. Working directly with the other six divisions to:
  - Prepare and implement spending plans for the department's 19 components.
  - Provide administrative guidance and options for division directors, program managers and staff.
  - At the divisional and program level, ensure the cost effective and efficient administrative operation of department programs.

### EXXON RESTORATION

Current year restoration operating activities funded through the Department of Environmental Conservation with Exxon Valdez Trustee settlement funds address marine pollution derived from land-based sources and waste management practices of remote communities. Specific projects for fiscal year 2000 include:

- Implementation of the Kodiak Island Borough Master Waste Management Plan to reduce pollution entering spill impacted marine waters. The project will upgrade and improve landfills, disposal sites and solid waste management practices, and provide for systems maintenance and repairs for seven villages on Kodiak Island.
- Technical assistance to provide seven remote communities on the benefits of properly handling solid waste, used oil, and household hazardous waste.
- In cooperation with local communities, oversee implementation of the Lower Cook Inlet Waste Management Plan to reduce the amount of community pollution entering spill injured marine waters.

STATE OF ALASKA  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION  
FACSIMILE TRANSMITTAL COVER SHEET

Division of Air & Water Quality  
DIRECTOR'S OFFICE  
Telephone: (907) 269-7634  
Fax: (907) 269-3098



TRANSMITTAL DATE: 9-22-99

TO: Annette

FROM: Tom Chapple

Total Number of Pages, Including this Cover Sheet: 20

COMMENTS: 269-0223

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ON ORIGINAL TRANS.)



## Department of Environmental Conservation, Division of Air & Water Quality

### What is Air & Water Quality?

The Division of Air & Water Quality is comprised of five programs in three budget components that work together with Alaskans to provide clean air and clean water.

### What is our Mission?

The mission of the Air & Water Quality Division is to identify, prevent, abate and control air and water pollution in a cost effective, accountable manner.

In other words our mission is: Clean Air, Clean Water.

### How is Air & Water Quality funded?

The Division of Air & Water Quality is primarily funded by federal funds. The operating budget consists of 45% federal funds, 27% general funds, and 28% other funds.

#### FY00 Authorized Funding

|                                       |                   |             |
|---------------------------------------|-------------------|-------------|
| Federal Receipts                      | 4960.7            | 44.7%       |
| General Fund Match                    | 1322.7            | 11.93%      |
| General Fund                          | 1218.3            | 10.98%      |
| General Fund/Program Receipts         | 443.4             | 4.0%        |
| Inter Agency Receipts                 | 582.9             | 5.25%       |
| Clean Air Protection Fund             | 1925.4            | 17.3%       |
| CIP                                   | 108.7             | .98%        |
| Statutory Designated Program Receipts | 534.5             | 4.81%       |
|                                       | <b>\$11,096.6</b> | <b>100%</b> |

### Components and Programs

Director's Office (\$462.1)

Air Quality (\$4840.2)

- Air Permits
- Air Non-Point & Mobile Sources

Water Quality (\$5794.3)

- Air & Water Data & Monitoring
- Water Non-Point Sources
- State Water Discharge Permits &
- Certifications Plan

## Water Non-Point Source Pollution Control Program

### What is Non-Point Water Pollution?

It is pollution resulting from surface water runoff

- soil erosion during timber harvest and log transfer operations
- high density recreation such as the Kenai riverbank erosion
- major construction and highway projects
- storm water drains from streets and parking lots
- run-off from mining waste, landfills and agriculture
- All but 6 of the 58 impaired water bodies in Alaska are due to non-point source activities.

|                          |    |
|--------------------------|----|
| Staffing                 |    |
| Manager                  | 1  |
| Env Specialist/Engineers | 13 |
| Support staff            | 4  |
| Non-permanent            | 0  |
| Total permanent staff    | 18 |

FED: 2868.2  
GF: 496.1  
OTHER: 141.0  
**TOTAL BUDGET = 3505.3**  
(2 BUDGET REQUEST UNITS)

### We charge for:

Stormwater plan reviews

### Water Non-Point Sources

Clean-Up & Restoration

Forestry

Stormwater

Wetlands

### Who are our customers?

Municipalities and tribal organizations  
Timber harvest operations  
Developers who need stormwater plans reviewed  
Public citizens with concerns or complaints about water quality  
Other state and federal agencies such as ADFG,USFWS, NOAA,NMFS  
Nonprofit organizations engaged in watershed protection or restoration projects  
Alaska's 17 soil and water conservation districts



## Water Non-Point Source Pollution Control Program cont.

### What do we do and why?

#### Primary Activities

Set statewide priorities to preserve and improve water quality.  
Develop water body recovery plans for impaired water.

Manage third party grants and Reimbursable Service Agreements (RSAs) for non-point source pollution control projects and services.

Respond to public concerns and complaints on local water quality issues that may be a public or environmental health threat.

Review timber harvest plans and perform related field inspections for forestry operations.

Review highway projects and development projects greater than 5 acres in size and perform field related inspections to prevent erosion and contamination during stormwater events.

Develop methods for assessing wetland functions as a foundation for wetlands planning and permitting decisions.

#### Results

Identification of water quality priorities and needs in the State, including a list of impaired and potentially polluted waterbodies, so that local, state, and federal groups can focus their resources most effectively and efficiently.

Provide pass through funding and technical assistance to municipalities, local groups, and other state agencies involved in water quality projects designed to protect, enhance, or restore polluted waters and protect local watersheds

Assure that public complaints and concerns regarding water quality are addressed where public or environmental health threatened.

Ensure that appropriate and effective Best Management Practices (BMPs) are used to protect water quality and habitat during logging operations.

Work with developers to implement practices that ensure stormwater leaving the site does not contain levels of pollutants that exceed water quality standards and threaten the habitats and various uses of local waters.

Provide a scientific method for identifying high-value wetlands in order to expedite other agencies' permitting process and tailor the process to Alaskan conditions.

### What's our relationship to the federal government?

DEC has been identified as the responsible state agency to receive and pass through federal Clean Water Act funding for projects designed to address water quality problems or non-point source pollution. DEC is also responsible for meeting several mandates of the Clean Water Act for which states have been designated responsibility, such as Sections 303(d) (list of impaired waters), 305(b) (bi-annual water quality assessment report), 319 (non-point source pollution program), 401 (water quality certifications) and 402 (national pollutant discharge elimination system).

## **Water Non-Point Source Pollution Control Program cont.**

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### **Why us and not the feds?**

Clean Water Act mandates requiring water quality priorities and identification of impaired waters that are not done by the state would then be required be done by a staff person in Seattle Region 10 EPA., or worse yet, EPA Headquarters in Washington, D.C. Priorities and needs set by non-Alaskans tend to be overly conservative, not suited to real Alaskan needs, and unrealistic.

Section 319 of the Clean Water Act requires that a State pass through funding for water quality projects deemed important to the State. In accordance with the Clean Water Act, EPA is not allowed to pass funding directly to municipalities or other groups without going through the designated state agency (DEC).

A field presence by Alaskan staff rather than out-of-state federal staff allows for better working relationships with businesses and industry, to prevent erosion and other run-off problems via a more realistic assessment of problems and issues.

Although there is no "primacy" provision of the clean water Act for non-point source pollution control, continuation of federal grants to Alaska is based upon a state executed program. Otherwise, federal funds would simply go to the other states.

### **What's privatized in this program?**

1. Monitoring of water quality where public or environmental health threats need verification
  2. Field restoration of streams, rivers, lakes, and bays where damage has impaired the uses of the water which inhibits community, fisheries or other economic development.
  3. Water quality studies to assess damages or develop recovery plans.
  4. Development of public brochures or information flyers.
  5. All large photo copying jobs such as regulations, forms, newsletters etc.
  6. Review of stormwater plans in Anchorage was recently delegated to the Municipality.
- \*3<sup>rd</sup> party work exceeds \$1.7 million. This work is performed by local government, non-profits, contractors, the University and other agencies.



## Air Non-Point & Mobile Sources

Air pollution from non-point and mobile sources are generated from automobiles and trucks, fireplaces and wood stoves, fuel storage tanks, aircraft, home and commercial building furnaces, auto body shops and numerous other activities.

Vehicle tailpipe emissions have long been Alaska's leading air pollution problem in Anchorage and Fairbanks when winter season temperatures inversions trap the dangerous carbon monoxide gases from combustion.

### Staffing

|                           |    |
|---------------------------|----|
| Manager                   | 1  |
| Env. Specialist/Engineers | 11 |
| Support staff             | 1  |
| Non-permanent staff       | 1  |
| Total permanent staff     | 13 |

### Funding

|          |        |
|----------|--------|
| Federal: | 1396.1 |
| GF:      | 1046.5 |
| Other    | 108.7  |
| TOTAL    | 2551.3 |

### What fees are charged?

We charge fees for permits and registrations for gasoline distributors of ethanol-blended fuel in Anchorage during the winter months.

The vehicle inspection & maintenance program charges fees for certificates of inspection for motor vehicles. These certificates are sold to private garages, which issue the certificates to private individuals following a successful vehicle emission test.

### Air Non-Point & Mobile Sources

#### Mobile Sources

#### Air Toxics & Area Source Pollutants

#### Radiation Monitoring

### Who are our customers?

- Communities with air quality problems for primarily carbon monoxide and breathable particulates concerns.
- Communities and individuals impacted by radioactive contamination in Alaska.
- Garages and mechanics who participate in the vehicle inspection & maintenance programs in Anchorage, Fairbanks, and the Matanuska-Susitna Valley.
- Gasoline distributors who provide ethanol-blended fuel to Anchorage during the winter months.

## **Air Non-Point & Mobile Sources cont.**

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### **What do we do and why?**

#### **Primary Activities**

Develop air quality plans to help bring areas into compliance with health standards for carbon monoxide and particulate matter.

Oversee the implementation of the vehicle I/M program in Anchorage and Fairbanks and implement the Matanuska-Susitna Valley commuter I/M program.

Enforcement of the ethanol-blended fuel program in Anchorage.

Evaluate the public health threat of toxic air pollutants to Alaska citizens.

Participate in forestry and agricultural land clearing and burning projects with land managers to mitigate pollution exposures to nearby residences during large open burn projects.

Issue public health advisory when pollution from natural events poses a local threat due to volcanoes, wildfires, or glacial dust wind storms.

Amchitka Island is a former nuclear weapons test site. We provide oversight of the Department of Energy's environmental assessment and monitoring at Amchitka and work with local interested parties on this issue.

#### **Results**

Continued progress in Anchorage and Fairbanks to improve air breath- Carbon monoxide exposures are now very close to meeting public health standards.

Reduced breathable small diameter particulate matter pollution from wood smoke and road dust sufficient to meet public health standards in Juneau, Anchorage, Eagle River and portions of the Mat-Su valley.

Reduction in air pollution from motor vehicles in Anchorage from a cleaner burning fuel.

Especially sensitive individuals take precautions to avoid medical complications.

State concerns are brought to the attention of the federal government. Will determine what if any ongoing threat to citizens or marine environment from any potential ongoing radiation releases.

If not a member of the Northwest compact, or any other compact, Alaska would have to provide for storage and disposal of its own radioactive waste. Hospital and medical research waste are disposed of out-of-state.



## **Air Non-Point & Mobile Sources cont.**

### **What's our relationship to the federal government?**

Under Clean Air Act, and its amendments, EPA can delegate authority to states to implement air quality programs provided state standards are at least as stringent as federal standards and we meet the operational requirements set out in federal regulations and policy. This is called giving the state "primacy".

Alaska has had "primacy" since the early 1970s.

The federal government can impose sanctions on states for failure to meet requirements within Clean Air Act. Sanctions can impact industrial facilities and/or federal highway funds.

### **Why us and not the feds?**

A state-run air quality program gives Alaskans the opportunity to tell the state how pollution control strategies will affect them on a local level. A federally administered program would tend to view control strategies from a national perspective.

A federal run vehicle inspection/maintenance program would be a centralized government function, eliminating the use of private garages.

The federal government has conducted nuclear weapons testing in Alaska in the past; the state oversight of the federal environmental assessment and monitoring of Amchitka helps to insure the impartiality of these efforts and a particular focus to local protection of citizens, the marine environment and any threat to fisheries.

### **What's privatized in this program?**

1. 120 private garages conduct emissions test for the Inspection & Maintenance programs in Anchorage, Fairbanks, and the Matanuska-Susitna Valley.
2. Laboratory testing of fuel samples for compliance with the ethanol-fuel program in Anchorage is contracted to a private laboratory.
3. Contractors are used to provide technical assistance in developing air quality control plans for communities not meeting the health standards (FY99 \$365,000 expended)
4. In FY00 a \$600,000 contract will be set for specialized cold weather automotive tailpipe testing in Anchorage and Fairbanks.
5. Local governments of Anchorage, Fairbanks and Juneau perform very significant portions of the efforts and funds to achieve clean air goals. (Anchorage - 16 employees, Fairbanks - 11 employees)

## Water Discharge Permits & Certifications Plan

The U.S. EPA is the primary agency for issuing water discharge permits in Alaska. Although Alaska has never received "primacy", the state issues discharge permits for small sewage treatment plants on other non-federal discharges. Until FY00, Alaska issued water quality "certifications" for federal discharge permits to

- 1) Assure protection of Alaska water quality and
- 2) provide flexibility for the operation via the federal permit through provisions such as mixing zones, zones of deposits, temporary variances and site specific water quality standards.

### Staffing

|                                |   |
|--------------------------------|---|
| Manager                        | 1 |
| Scientist/Engineers            | 4 |
| Non-professional support staff | 1 |
| Non-permanent staff            | 0 |
| Total Permanent staff          | 6 |

### Funding

|                  |         |
|------------------|---------|
| FED              | 0.0     |
| GF               | 635.4   |
| RESTRICTED GF    | <158.1> |
| OTHER            | 588.1   |
| RESTRICTED OTHER | <548.8> |
| TOTAL AVAILABLE  | 516.6   |

### We charge permit review fees for:

Permits to discharge domestic or non-domestic wastewater to the lands or waters of the state (except discharges of less than 500 gallons per day of domestic wastewater to a drainfield system)  
Certifications of federal permits

## State Water Discharge Permits & Certifications Plan

### Who are our customers?

- Alaskans and communities that use surface waters for personal, community or fisheries purposes
- All companies and community governments who discharge wastewaters to the waters or lands of the state. These include: sewage treatment plant operators, timber pulp or processing plants, mining operations, oil and gas exploration, production or refining and seafood processing plants
- All developers or local governments engaged in activities that fill, dredge or otherwise construct in wetlands or waterways.



## **Water Discharge Permits & Certifications Plan cont.**

### **What do we do and why?**

#### **Primary Activities**

Because of budget cuts in FY00, the program has ceased review and issuance of most certification of federal permits for: 1) wetland/waterway dredge and fill permits by U.S. Army Corps of Engineers and National Pollutant Discharge Elimination System by the Environmental Protection Agency.

Implement workgroup process to determine how to use existing resources and the future of the permit program.

Complete work on permits "in process" as of July 1, 1999.

Work on unique issues that may significantly affect state interest of liabilities.

Work on critical time sensitive EPA permits to issue a state certification within constraints of existing staff resources.

#### **Results**

Discontinue most permitting for industrial and community waste water discharge. Rely upon EPA and COE to protect water quality.

Protect water quality while legally authorizing wastewater discharges from small operations required to obtain only a state permit.

Finish permits for those facilities who began the permit process before July 1, 1999.

Protect water quality and insure reclamation of chemically treated tailings.

Continue work on closure of the Illinois Creek and other mines.

Issue state certifications of 4 NPDES renewals for EPA end of fiscal year deadline of Sept. 30.

### **What's our relationship to the federal government?**

Alaska is not delegated primacy of the Clean Water Act wastewater discharge permit program.

EPA issues these permits although DEC staff have implemented a supportive and shared program in the past in order to assist state interest for water quality management and to insert flexibility into the federal permit for Alaska communities, businesses and industry. The state could seek delegation to garner full state level decision making.

The "dredge and fill" permitting under section 404 of the Clean Water Act is executed by the U.S. Army Corps of Engineers. It is not a program which could be delegated to DEC. In the past DEC has issued water quality certifications of these permits to assure preservation of local water quality. Recent funding reductions have eliminated that effort via a blanket waiver of DEC's review and certification.

## **Water Discharge Permits & Certifications Plan cont.**

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### **Why us and not the feds?**

Through the state certification program for NPDES and COE permits we "Alaskanize" the conditions and requirements in those permits; we authorize mixing zones, zones of deposit, short term variances, and site specific criteria which protect the environment while providing significant flexibility to the applicant. Without state certification, applicants will not be able to comply with their permit limits because economically reasonable treatment technology does not exist for most operations in order to meet stringent water quality standards at the "end of pipe".

### **What's privatized in this program?**

1. Collecting water quality data.
2. Performing technical analysis to prepare permit applications, such as mixing zone modeling.
3. Other technical engineering and geological/hydrological analyses for the applicant to assess potential impacts to the quality of the receiving waters.



## Air Permits

Air Quality Permits are a tool to manage and control air pollution discharges from industrial operations or large open burning projects.

### Staffing

|                           |    |
|---------------------------|----|
| Managers                  | 2  |
| Env. Specialist/Engineers | 26 |
| Support staff             | 3  |
| Non-permanent staff       | 3  |
| Total permanent staff     | 31 |

### Funding

|                             |        |
|-----------------------------|--------|
| FED:                        | 207.2  |
| GF:                         | 156.3  |
| Other                       | 1925.4 |
| (Clean Air Protection Fund) |        |
| TOTAL                       | 2288.9 |

### We charge permit fees for:

Under federal and state law, permittees are required to pay all direct and indirect cost for their air quality permits. These tasks include:

Permit application consultation, assistance, and completeness review;  
Reviewing or assisting in the preparation of permit support documents, including on-site evaluations;

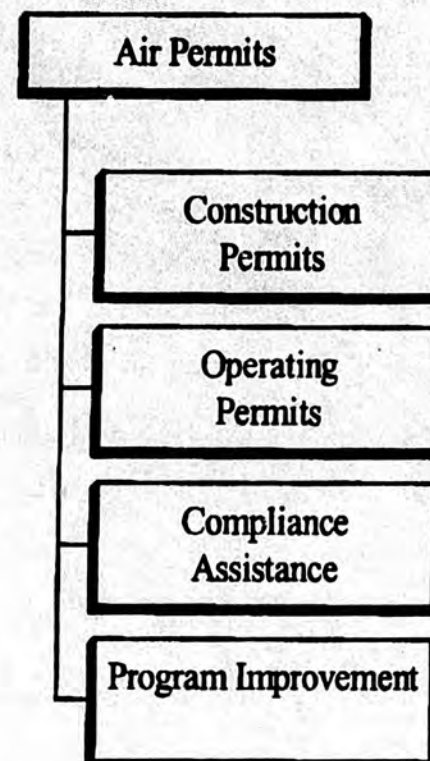
Preparing, processing, and issuing permits

Performing facility inspections and compliance evaluations;

Reviewing, reports of emission, ambient monitoring, or process measurement data;

Preparing, evaluating, or processing plans or documents to rectify noncompliance, but not including any enforcement actions; and

To recover program costs not directly attributable to a specific permittee an "emission" fee is assessed for each ton of out-of-stack pollutants.



### Who are our customers?

- Owners and operators of facilities requiring air permits:
  - Those that are capable of emitting more than 100 tons per year of emissions or 25 tons per year of hazardous air pollutants;
  - Those that operate sources subject to federal emission standards.
- Regulated facilities include: electrical utilities; oil exploration, production and refiners; seafood processors; mining and timber operations; and
- Persons conducting large open burns
- Citizens of Alaska adversely affected by air pollution

## **Air Permits cont.**

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### **What do we do and why?**

#### **Primary Activities**

Implement a permit program to

- manage industrial emissions of air pollution
- prevent air pollution from becoming injurious to Alaskans
- prevent significant degradation of air quality
- implement best available technology in industrial operations to reduce air pollution emissions

Provide compliance assistance at regulated facilities

Improve the state permit program

#### **Results**

Support economic expansion while preserving good air quality for the employment and health of Alaskans.

Help applicants to correctly identify the type of permit needed and the specific information needed for acquiring the permit.

Help permittees achieve compliance with permits.

Develop and adopt changes to regulations and policies to address stakeholder concerns, incorporate new federal requirements needed to retain a state-run program, and employ better approaches for meeting federal and state clean air goals that are more responsive to Alaskan concerns and the best interest of our communities and businesses.

### **What's our relationship to the federal government?**

---

The Clean Air Act, passed by Congress in 1970, amended in 1977 and 1990, gives EPA authorities to delegate the management of air quality permit programs to the States.

EPA has delegated authority of the Clean Air Act permit programs to State of Alaska. EPA maintains oversight authority of the permit programs as needed to assure that the programs are implemented and enforced in accordance with the requirements of the Clean Air Act and it's implementing federal regulations.

Some of the provisions of the Clean Air Act are not well fashioned or suited to situations in Alaska. Considerable effort is expended to make this law more workable for our communities and business needs. Sometimes, this results in strained relations and professional differences of opinion with the federal government, EPA.



## **Air Permits cont.**

### **Why us and not the feds?**

Alaskans have more control over regulatory decisions when the permit program is executed at the state-level.

EPA is far less prone to using innovative approaches to implementing the permit programs.

EPA enforcement is penalty-oriented/State enforcement is assistance-oriented.

Clean Air Act imposes federal highway funds sanctions against states that do not run permit programs.

EPA permit fees likely to be significantly higher than state fees, increasing operating costs for permitted businesses in Alaska.

### **What's privatized in this program?**

1. Permit application preparation
2. Ambient pollution monitoring nearby regulated facilities, exhaust stack emission testing and monitoring
3. All large photo copying jobs such as regulations, forms, newsletters etc.

Future opportunities: some technical aspects of permit application reviews to help reduce permit backlog

## Air & Water Data and Monitoring

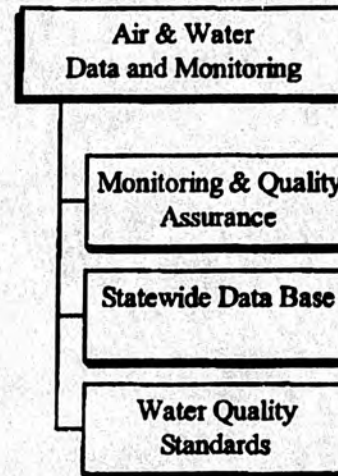
For environmental measurement data to support wise decision making, the data must be of known quality, focused to answer specific questions and readily accessible to decision makers that are internal and external.

|                        |                  |
|------------------------|------------------|
| FY00 funding by source |                  |
| FED:                   | 2,311.5          |
| General Fund           | 1,502.1          |
| Other                  | 0.0              |
|                        | <b>\$3,813.6</b> |

|                              |           |
|------------------------------|-----------|
| <b>Staffing</b>              |           |
| Managers                     | 2         |
| Env. Specialist/Engineers    | 15        |
| Support Staff                | 3         |
| Non-permanent staff          | 0         |
| <b>TOTAL permanent staff</b> | <b>20</b> |

### We charge for:

No fees are charged. However the costs of some projects are paid by other entities.



### Who are our customers?

The public whose health and economic well-being depends on good air and water quality.

Public and private entities that discharge pollutants to the air and wastewater to the lands or waters of the state. These include local governments such as Anchorage, Fairbanks, Juneau, McGrath, Sitka, Mat-Su Borough; federal agencies such as BLM, and USFS; Alaska industries such as power generators, oil and gas, seafood and mining.



## Air & Water Data & Monitoring cont.

### What do we do and why?

#### Primary Activities

##### Monitoring and Quality Assurance

Operate ambient air quality monitoring networks for carbon monoxide and breathable particulate pollution.

Perform baseline assessment monitoring for new air pollutants (PM2.5 and Regional Haze)

Conduct and provide for ambient water quality monitoring (accomplished by grants, contracts, and the regulated community).

Provide technical assistance in developing monitoring plans for air and water monitoring projects.

Provide quality assurance oversight for statewide air and water quality monitoring operations.

#### Results

Maintain compliance with National Ambient Air Quality Standards (NAAQS) for the protection of public health.

Assess if Alaska will meet national fine particulate health standards under the Clean Air Act. Determine if national regional haze program will require emission reductions in Alaska.

Ensure Water Quality Standards are met to protect public health and aquatic life. Assess if water body recovery efforts are successful.

Ensure that monitoring methods are selected such that measurement data study meet the objectives of studies designed to answer the questions posed.

Ensure that the quality of the collected monitoring data represents actual field conditions and is useable for decision making.

## Air & Water Data & Monitoring cont.

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### What do we do and why?

#### Primary Activities

##### Statewide Data Base

Develop and maintain air and water quality databases to provide rapid access to environmental data to improve assessment, mapping, and reporting of environmental conditions.

##### Water Quality Standards

Maintain Water Quality Standards that incorporate state-specific considerations.

Provide guidance and technical assistance to user groups.

Adopt site-specific water quality criteria when federal criteria are stricter than necessary or not strict enough to protect water uses.

#### Results

Communicate condition of Alaska's air and water quality to meet a variety of requests; provide baseline information to reduce permit applicant effort; provide basis for sound resource decisions; and provide information to the public about discharges of pollutants and the ambient status of the air and water quality resources.

Water Quality Standards protect water uses for fish habitat, drinking and recreation, economic and community development while taking into account Alaskan conditions.

Better voluntary compliance with the regulations that will prevent water quality problems.

Criteria that cost-effectively protect water uses.



## **Air & Water Data & Monitoring cont.**

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### **What's our relationship to the federal government?**

The Clean Air Act requires each state air agency to submit ambient air data to the national database quarterly to enable EPA to monitor and assess the status of air quality in Alaska and the nation.

The Clean Water Act requires Alaska to report regularly on the status of waterbodies and water quality and to set priorities for directing resources for protection and restoration of water quality. These determinations are based upon the availability of water quality data to support the State's assessment.

The Clean Water Act requires states to adopt water quality standards to protect designated uses of surface waters, including drinking water, propagation of fish and wildlife, recreational purposes, and agricultural, industrial and other purposes. For some pollutants including a list of priority toxic pollutants, the Environmental Protection Agency (EPA) publishes recommended criteria. In the case of priority toxic pollutants, if the state does not adopt criteria that are at least as stringent as the federal criteria or that are otherwise scientifically defensible, the Environmental Protection Agency will adopt criteria for the state. In 1992 the EPA did adopt certain criteria for Alaska in the National Toxics Rule.

Whenever the state revises the Water Quality Standards Regulations, the revisions must be reviewed and approved before the state WQS regulations can be used for Clean Water Act purposes including deriving effluent limits for NPDES permits, certifying federal permits, putting water bodies on the impaired water body list and writing Total Maximum Daily Loads (TMDL or water quality improvement plan) for impaired water bodies. If the EPA disapproves a Water Quality Standards provision, the EPA must promulgate a regulation for the state.

### **Why us and not the feds?**

The federal government no longer has the staff or the experience to perform air and water quality monitoring in Alaska. While they could perform some functions in the permit review process, the monitoring workload is not one of them. If the present level of effort were not performed by the state, the reduction in service would jeopardize air and water permit programs and non-point source efforts linked to public health, fisheries sustainability and lead to potential federal sanctions of funds due to inability to achieve clean air goals.

Staff has spent many hours working with local governments, industry, and environmental groups in evaluating air and water quality problems in the state, developing cost effective solutions, providing training on instrument operation, and quality assurance and performing instrument repairs.

## **Air & Water Data & Monitoring cont.**

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### **Why us and not the feds? cont.**

The State is in the position to make water quality assessments based upon local knowledge and unique site-specific requirements. The State is also in the position to identify and access information sources that may not be available to the EPA.

The Clean Water Act and lawsuits across the country require that where States fail to develop impaired waterbody lists and/or TMDLs, EPA is required to do so. States are much better off in controlling these outcomes if they are in the lead or in more of a control situation.

If the state adopts Water Quality Standards, the state can take into consideration conditions peculiar to Alaska. In the absence the EPA would adopt national criteria for Alaska that would not take into consideration local conditions or natural conditions such as glacial silt that exceed national recommended criteria.

The EPA also will not adopt site-specific criteria to take into account conditions peculiar to a particular water body and they will not grant any variances from the WQS regulations.

### **What's privatized in this program?**

1. Some air monitoring services in remote locations are contracted out. Fairbanks, Anchorage, and numerous industries operate air monitoring stations.
2. Most water quality sampling and laboratory analysis of samples are conducted through contractual agreements.
3. Permitted dischargers conduct self-monitoring and reporting according to permit requirements.
4. Some water body recovery work is accomplished through contractual arrangements with private entities.
5. Information systems and needs assessments are contracted to the private sector.
6. Public Notices, and Document Printing also are purchased.



Non-Point Source Water Pollution Control  
FY 2000 WATER QUALITY PROJECTS  
NEW GRANTS AND SERVICE AGREEMENTS  
by recipient

|                                             | GRANTEE                                     | PROJECT TITLE                                 | GRANT AMOUNT        | MATCH               |
|---------------------------------------------|---------------------------------------------|-----------------------------------------------|---------------------|---------------------|
| NP-00-16                                    | Alaska Boreal Forest Council                | It Takes a Watershed to Raise A Salmon        | 58,500              | 39,000              |
| NP-00-12                                    | Alaska Forest Association, Inc.             | Buffer Zones and LWD Supply                   | 88,667              | 58,711              |
| NP-00-6                                     | Anchorage Waterways Council                 | Anchorage Watershed Outreach                  | 71,900              | 106,859             |
| NP-00-14                                    | Central Council of Tlingit & Haida Tribes   | Design of LWD Sources and Transport Study     | 28,500              | 19,000              |
| NP-00-9                                     | City & Borough of Sitka                     | Swan Lake Watershed Restoration Study         | 26,900              | 18,868              |
| NP-00-5                                     | City of Fairbanks                           | Fairbanks Storm Water Project                 | 131,500             | 88,500              |
| NP-00-3                                     | Copper River Watershed Project              | Watershed Analysis and Riparian Restoration   | 26,000              | 32,203              |
| NP-00-2                                     | Homer Soil & Water Conservation District    | Cook Inlet Watershed Health Monitoring        | 120,000             | 143,192             |
| NP-00-15                                    | Kenai Watershed Forum                       | Awareness of Kenai River Tributaries          | 19,000              | 23,500              |
| NP-00-7                                     | Kodiak Soil & Water Conservation District   | Kodiak Urban Lake Water Quality Assessment    | 40,000              | 26,070              |
| NP-00-4                                     | Matanuska-Susitna Borough                   | MSB Water Quality Monitoring Program          | 21,000              | 31,284              |
| NP-00-8                                     | Nature Conservancy of Alaska                | Conservation on the Kenai                     | 17,000              | 12,000              |
| NP-00-11                                    | Noyes Slough Action Committee               | Noyes Slough Restoration Project              | 20,500              | 14,950              |
| NP-00-10                                    | Southeast Conference                        | Mendenhall Watershed Partnership              | 90,000              | 59,445              |
| NP-00-13                                    | Wasilla Soil & Water Conservation District  | Little Susitna & Cottonwood Creek Project     | 32,500              | 21,450              |
| NP-00-1                                     | Youth Restoration Corp.                     | Little Susitna River Restoration Project      | 30,000              | 53,210              |
|                                             |                                             | <b>TOTAL</b>                                  | <b>\$ 819,967</b>   | <b>\$ 748,222</b>   |
|                                             | SERVICING AGENCY                            | PROJECT TITLE                                 | RSA AMOUNT          | MATCH               |
| NP-00-R5                                    | Dept. of Fish & Game                        | Tongass Road & Stream Crossing BMPs           | 55,000              | 38,666              |
| NP-00-R6                                    | Dept. of Fish & Game                        | Tanana Rish Habitat Use                       | 40,127              | 26,752              |
| NP-00-R7                                    | Dept. of Fish & Game                        | Forest Resources Practices Act Implementation | 283,800             | 189,198             |
| NP-00-R9                                    | Dept. of Natural Resources                  | Tanana River Dynamics                         | 66,400              | 26,580              |
| NP-00-R8                                    | Dept. of Natural Resources                  | Forest Resources Practices Act Implementation | 121,300             | 168,184             |
| NP-00-R3                                    | UAA Ecology and Natural Resources Institute | Biological Monitoring and Assessment          | 69,983              | 46,900              |
| NP-00-R1                                    | UAF Alaska Cooperative Extension            | AK Landuse Decisionmakers Education Resources | 87,077              | 58,574              |
| NP-00-R2                                    | UAF Alaska Cooperative Extension            | Master Watershed Stewards                     | 61,132              | 40,877              |
| NP-00-R4                                    | University of Fairbanks                     | Placer Mine Stream Reclamation                | 30,000              | 20,000              |
|                                             |                                             | <b>TOTAL</b>                                  | <b>\$ 759,819</b>   | <b>\$ 577,045</b>   |
|                                             |                                             | <b>TOTAL PROJECT COST</b>                     | <b>DEC FUNDS</b>    | <b>3RD PARTY</b>    |
| <b>TOTALS - PROJECTS AWARDED FOR FY2000</b> |                                             | <b>\$ 2,905,053</b>                           | <b>\$ 1,579,786</b> | <b>\$ 1,325,267</b> |

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Air and Water Quality

09/22/99 09:53 FAX 269 7508

7/22/99

TO: Kenai L.I.O.

Please FAX the letter below to Virgil Norton and the DEC subcommittee of the Commission on Privatization of government services in Alaska. Also, you might give a copy of it to anyone who comes to the teleconference of this subcommittee this afternoon. Thanks!

Virgil:

Lest you get the idea that I've lost interest, I wanted to let you know that I wasn't able to attend the meeting week before last because of the previously scheduled CIRCAC\* Safety of Navigation conference in Homer 9/9 & 9/10; last week, wasn't able to make it because of a previously scheduled 1:00 PM meeting of the PWS RCAC OSPR\*\* committee, but Rory Dabney of CIRCAC did attend the teleconference here, and took some notes for me and I discussed it with her; she or another CIRCAC staff person will try and make the teleconference this afternoon. I will be unable to attend the meeting this afternoon, because the PWS RCAC quarterly board meeting is being held in Kodiak 9/23 & 9/24, and I've got to attend a committee chairman's meeting the evening before that; they've got me scheduled for a flight to Kodiak that leaves Anchorage at 1:30 this afternoon. Unfortunately, I've never been able to be in two places at the same time, so will have missed three meetings in a row, but should be able to attend any meetings held after this week.

Rory told me that you've asked for some specific members' recommendations, I'll sit down and put some thoughts on paper after I get back from Kodiak, I'll talk to some folks from both RCACs and get their thoughts to incorporate in my recommendations also.

Have a good meeting, and don't do anything I wouldn't do!

  
Jerry Brookman

\*Cook Inlet Regional Citizens Advisory Council

\*\* Prince William Sound Regional Citizens Advisory Council Oil Spill Prevention & Response

P.S.: I'm sending an article from the PENINSULA CLARION, for the benefit of anyone who might be interested and hasn't already seen it.

TO: FBKS LIO

456-3346✓

JUN LIO

465-2864✓

KETCHIKAN LIO

225-8546✓

PLEASE MAKE COPIES FOR:

DEC Subcommittee Meeting  
Commission on Privatization  
Meeting Date: 9/22  
Meeting Time: 1:30pm  
Number of Pages: 2



THE PENINSULA CLARION - Kenai, Alaska - August 23, 1999

# Task force draws crowd

## Privatization plan attracts volunteers

By CAREY RESTINO  
Peninsula Clarion

Hundreds of Alaskans have volunteered to look at privatizing state-run services.

According to Privatization Task Force co-chair Rep. John Cowdery, R-Anchorage, more than 300 people have signed up for the 19 subcommittees looking at different parts of state government.

Cowdery said he is surprised by the level of public interest and said he will be suggesting to the Legislature that the task force be extended beyond its present six-month deadline and continue working on the issue for two to three years.

The task force was created by a bill sponsored by Sen. Jerry Ward, R-Anchorage, and intends to look at various areas of state government for places where the private sector might be more efficient.

Ward said Alaska was behind other states in looking at privatization of services. Some state services already have been moved to the private sector in Alaska, such as the Department of Transportation and vehicle registration. The subcommittees received

instruction from the task force commissioners on how to proceed with their investigations. Cowdery said they used examples set by other states to help guide the subcommittees through the tremendous amount of information they would have to examine.

While some of the task force subcommittees only had a few members attending last week's meetings, others, such as the group looking at the Department of Transportation, had 25 members.

"I don't know how many people I expected, but it certainly wasn't 300," Cowdery said.

In addition to looking at the bottom-line finances of state government services, Cowdery said some of the state-run programs provide a service to the public that must be considered by the subcommittees.

"We tried to make them understand that it was not entirely money but also what serves the public best," Cowdery said.

The subcommittees are being encouraged to focus on a few areas instead of trying to take on examining the entire state budget at once, he said.

But the co-chair said he wanted to have the subcommittees come up with their suggestions independently.

"We are not trying to influence them in any way," he said.

While the subcommittees will present their official reports to the commission in late October, some ideas already have surfaced from the first few meetings.

Cowdery said one idea the subcommittee is looking at the Department of Transportation has discussed is requiring DOT services to operate at costs competitive with the private sector. Another idea that surfaced was to limit state agencies from bringing in more revenue than they required to operate, Cowdery said.

For example, the Division of Motor Vehicles earned \$34 million in registration and other fees last year, but only needed \$9 million to operate. Some people in the subcommittee said the fees on vehicle registration should be lowered so they just cover the cost of operation, Cowdery said.

Cowdery said once the subcommittees report to the commission, it may modify the reports before presenting a plan to the Legislature in January. For more information on the Privatization Task Force, go to the task force's Web site at <http://www.privatizealaska.org>.

Anc.

Fax for Virgil Norton, chair  
Privatization D.E.C. subcommittee  
TWN 90896 1:30pm today

— Olson



# Alaska State Legislature

*Interim:*  
119 N. Cushman, Suite 211  
Fairbanks, AK 99701  
(907) 456-5081 - Phone  
(907) 456-8245 - Fax



*Session:*  
State Capitol, Room 416  
Juneau, AK 99801  
(907) 465-3719 - Phone  
(907) 465-3258 - Fax

Representative John Coghill

## MEMORANDUM

**TO:** Virgil Norton  
Chairman DEC Privatization Subcommittee

**FROM:** Danielle Serino *DS*

**RE:** September 1<sup>st</sup> meeting

**DATE:** September 15, 1999

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Included with this memo is a draft of the subcommittee minutes taken Sept. 1<sup>st</sup>. I can edit and revamp them after the subcommittee has made amendments, etc. Due to my somewhat late arrival to the meeting, sound quality, and interference factors there may be some errors. Also, I need a list of members present and absent to complete the draft. Thank you.

# COMMISSION ON PRIVATIZATION

Department of Environmental Conservation

## Draft Subcommittee Minutes

*September 1, 1999*

Acting Chairman called the meeting to order and conducted the roll call.

Members Present:

Members Absent:

Janice Adair, Director of Division of Environmental Health gave an overview of the Division of Environmental Health. She said the Division of Environmental Health is composed of ten programs in five budget components that work together with Alaskans to provide safe water, safe food, and healthy communities. The mission of the Environmental Health Division is to prevent and control public health nuisances by establishing standards of cleanliness and sanitation for water, solid waste, and food, where a lack of sanitation may create disease-prone conditions.

The Division of Environmental Health has an annual budget of \$10,436,200 and is primarily funded by general funds. Two-thirds of the operating budget is provided by general funds while one-third is federally funded with 65% of the federal funds going to support the Drinking Water Program.

For the Drinking Water and Wastewater program, the Division of Environmental Health's primary activities consist of: establishing design, construction and operations standards for public water systems and wastewater treatment and disposal systems, also reviewing construction and feasibility plans for water and wastewater systems, as well as requiring laboratory testing of water and regular inspections and sanitary surveys of public water systems. The DEH charges fees for various services provided to the owners and operators of public water and wastewater systems such as various system reviews and inspections.

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Marco Pignalberi asked if it would be easier for some of these activities to be assumed by local government. Ms. Adair replied that there were some difficulties regarding Statute clarity.

Kyle Johansen, from Rep. Williams' office, asked if the charters could be changed for more accommodation. Ms. Adair answered that most charters would have to be changed to include or exclude specific language for clarification.

Ms. Adair resumed her overview, explaining the DEH's involvement as opposed to Federal involvement, discussing primacy-where the EPA delegates oversight authority to states, providing that the state standards are at least as stringent as federal standards and meet the operational requirements set in federal regulations.

Numerous functions such as sanitary surveys for drinking water systems, installer programs, and certifications have been privatized; including monitoring by private labs which will be elaborated on later.

Gregg Horn inquired as to how many staff are involved in the DEH operations. Ms. Adair responded that the DEH currently employs 18 inspectors.

Ms. Adair again resumed the overview, moving on to the topic of Food Safety and Sanitation. The various customers of DEH regarding Food Safety and Sanitation include: retail food (restaurants, grocery stores, schools and day cares), food processors (dairy, seafood, shellfish, bottled water, candy, and syrups), owners and operators of public facilities (Day care centers, hotels, pools and spas, and schools and cosmetological establishments) as well as veterinarians and vet medicine manufacturers. Public routine checks and inspections, on a regular basis, are mainly centered on Day Cares, for obvious reasons, and pools and spas as they provide a more hazardous breeding environment for bacteria.

Jerry Brookman inquired if State Statute provides the standards of inspection or if would they be the same as Federal regulation, and if local government can choose to relax the standards. Ms. Adair answered that she could not specifically answer that, but obviously there should be a standard level of protection and you wouldn't want to compromise it.

Resuming overview, all food-related permits with the exception of dairy processing have fees associated with them to help defray the costs of the total program services. There is no fee authority for any public facility oversight - except for overnight accommodations, but there are no fees in place. DEH also has fee authority to establish fees for veterinary services provided by the state vet, but has not yet adopted any fees for those services.

Marco Pignalberi inquired, concerning meat inspections, if federal inspections require a fee. Ms. Adair answered that the meat programs are the only safety programs with a federal entity involved due to complexity and health factors involving the meat industry. There is a prohibition against fees for state meat inspection. It is too important an issue to be based on the customer's ability to pay. The FDA pays 100% of the cost involved in meat inspections. Meat processing regulations have been recently revised and there is a deadline of March of the year 2000 for processors to comply with the revisions. There has been a lackadaisical response, but as the deadline approaches there is more of an insistence for compliance, mandated by the FDA. Obviously this results in a larger workload for the DEH regarding the meat industry, as there are no other facilities capable of handling Environmental Health's responsibility in this area.

Chairman asked if the aforementioned 18 inspectors had included those recently let go because of budget cuts. Ms. Adair answered no, the 18 is a current number. However, 7 inspectors had been let go.

Stephanie Madsen asked if local municipalities oversaw the retail industry as in some states. Ms. Adair replied that the Health industry oversees the retail food and while there are no federal requirements for retail foods, there is a federal guideline called the "Food Code" that is recommended for appliance.

Ms. Adair resumed her overview, reviewing the facts concerning DEH fees; stating that, except for the dairy industry, fees are charged for all DEH inspections.

Marco Pignalberi inquired as to why no inspection fees are charged to dairies. Ms. Adair responded that they would not want to take the political slap that would occur. Basically, it would just be too complicated. There is one dairy inspector, apart from the other 18, that is solely responsible for the

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dairy processing aspect. The industry is so complex that the fees would just be astronomical and they prefer not to deal with it.

Marco asked how much money this "no back bone" issue is costing. Ms. Adair answered that the fee is established correspondent with the number of hours spent, multiplying hourly rate by the number of hours. Usual fee charge is \$60 to \$70 per hour. Dairy is labor intensive, as a strict Federal program has to be met.

Marco asked in clarification if DEH was doing the inspections. Ms. Adair answered yes; DEH is doing the inspections, but not charging fees. Cost coverage is straight general fund support. The cost total is about \$65,000.

Resuming overview, Ms. Adair added that if facilities fail to meet initial inspections, an additional fee is charged for re-inspection. Moving on to give an overall clarification of what DEH does concerning Food Safety and Sanitation: provide operator and processor education, laboratory testing of food products and shellfish growing water.

Chairman asked if private labs do the water testing. Ms. Adair answered yes.

Another question was asked whether or not DEH charges for travel time. Ms. Adair answered no, there is a statutory prohibition concerning charging for travel time, as it would be a disadvantage for rural communities and areas.

Continuing overview of DEH's activities. Inspections - dairy facilities, veterinarian, animal related - inspections make up 25% of overall program time spent. A good majority of the lab work is privatized, however no private labs do regulatory testing due to the liability factor. One of the miscellaneous expenses associated with the laboratory, for example, is the needed purchasing of mice for the lab tests. An identical genetic strain of mice is needed to ensure constancy during the tests. That gets quite expensive. DEH does the majority of regulatory testing. Due to the high risk of liability, most private labs choose not to deal with some specific food and water contaminants testing like PSP testing. Since some seafood, like shellfish, is eaten raw, a greater risk factor is present and more precautions necessary to ensure a safe growing environment, hence the PSP testing.

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Stephanie inquired as to how many contaminate positive test results the DEH has on an annual basis and, with the DEH closing in Unalaska, how are regulatory tests being taken there. Ms. Adair answered that she does not have knowledge of a specific number, and the number would vary and fluctuate due to miscellaneous environmental factors. In answer to the second question, harvesters send in water and product samples to be tested, except for the testing of crabs for PSP and acids, which the DEH does on site. Routine sampling of shellfish and water areas is necessary due to the bacteria factor. We can't kill the bacteria, so we have to make sure it's not there in the first place. Extreme caution is needed in the testing process, especially where plants and processors are concerned. Recalls are disastrous to the businesses, so care is a priority in the testing process.

DEH's relationship with the federal government where Food Safety and Sanitation is concerned deals, the majority of, with dairy processing. DEH must follow the FDA's ordinances as far as milk processing and sale goes. FDA also had ordinances concerning the growing and harvesting of shellfish that the DEH must follow in order to sell shellfish in-state and internationally. Other seafood and food processing must also follow FDA ordinances and regulations as well as FDA's Good Manufacturing Practices (GMPs). There are no federal requirements for retail foods, other than the aforementioned "Food Code" guideline. As far as animal health goes, the federal government sets minimum standards for disease control in animals that in turn affects interstate and international shipments of animals. The states themselves may set more stringent requirements. Why DEH and not the feds? The federal government sets the standards, but does not provide the direct services except for meat processing.

Stephanie Madsen asked what the differences were between the state program and the federal, and if the FDA contracts as well as inspects. Ms. Adair answered that the FDA does some inspections on its own, but does not do the same inspections that the state does, and the feds will contract with DEH to conduct some seafood inspections.

Marco Pignalberi inquired where the money from inspection fees resulted concerning a recent situation where plant seeds were sent to Russia, the seeds being inspected and a fee charged for the inspection. Ms. Adair replied that the division received the funds.



Ms. Adair returned to overview, citing areas that were privatized: HACCP inspection training, done through cooperative extension (Universities). Operator training, collection of shellfish water samples by harvesters/growers. Issuance of animal health certificates by private veterinarians. All large photocopying jobs such as regulations, forms, brochures. Public service announcements.

Kyle Johansen inquired for clarification purposes as to public service announcements being a part of the DEH. Ms. Adair confirmed affirmatively.

Stephanie Madsen asked if the department had considered having more inspectors work out of their homes outside of the department. Ms. Adair answered yes; they have been looking at it and are right now testing the idea of inspectors working out of their home in Anchorage. DEH does have offices, but they are not used a whole lot, which makes the idea of just working out of home more practical and cost-efficient seeing as it would eliminate rent. In Anchorage experimentation is underway. Right now, DEH has a group formed to look at the perimeters and track the workload to make sure all is getting done properly. The Division purchases laptops, phones, fax lines, vehicles - all the necessary equipment needed by the inspectors to efficiently work out of their home. And then the group oversees, being the accountability factor.

Chairman interrupted to announce that there is another subcommittee meeting starting soon and stressed the need to finish the remainder of this meeting.

Kyle Johansen commented that he read that Norton Sound has five inspectors and asked if they overlapped DEH. Ms. Adair replied no, that \$95,000 was transferred through a grant to Norton Sound for that purpose.

Ms. Adair resumes overview, moving on to laboratory services. DEH certifies private labs to carry out testing. DEH occasionally does lab testing, and collaborates with private labs. For example, DEH does direct testing on food and seafood. No private labs do this testing. There is one private lab that does drinking water tests, otherwise DEH does it all and charges fees for the process.

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DEH trains and certifies pesticide applicators, conducts analysis of animal diseases, and provides pesticide inspections.

Chairman asked for verification that there are two DEH labs in the State of Alaska. Ms. Adair answered affirmatively; the Juneau chemistry lab and the Palmer food safety lab. There is one manager overseeing both labs.

Chairman commented about an ad he saw in the newspaper regarding DEH laboratory equipment. Ms. Adair responded that she did not have any personal knowledge of the ad and would look into it.

Marco Pignalberi asked if DEH has considered consolidating the two labs. Ms. Adair replied that yes, they have. They would also like to revamp the labs. The lease on the Palmer lab will be up in 2000, so they will need an alternative soon. They have provided a plan for a new laboratory facility, but with the recent budget cuts it has not looked feasible.

Marco asked how many square feet of lab space they were looking at. Ms. Adair replied that she was unsure, but not a huge amount of space was involved.

Marco further inquired about the possibility of using the University labs. Ms. Adair replied that the University labs do not do the same types of testing, and would not be appropriately so equipped.

Chairman requested a copy of the study report for a new lab. Ms. Adair responded that she will issue a copy to him. It would be cost saving to relocate the lab to Anchorage or Fairbanks, but would require substantial funds. DEH is in desperate need of new lab facilities.

A comment was made about the DEH labs efficiently meeting inspections.

Ms. Adair answered that the labs do not meet any current codes, and they have looked at consolidating the labs with Health and Social Services. DEH would like to find a solution to the lab problem.

Returning to overview, Ms. Adair gave a brief summary of primary laboratory services. DEH certifies commercial labs to conduct analysis of public drinking water systems (as well as waste systems), food testing of

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food products processed in Alaska (including PSP testing for shellfish), training and certifying pesticide applicators and monitoring pesticide use, conducting animal analysis tests (such as blood tests), and fees are charged for those.

Chairman stated again the need for time limitation.

Marco Pignalberi stated for the record the requests for information brought up during the subcommittee meeting.

Chairman asked Ms. Adair to continue on the final topic of her overview.

Ms. Adair continued on the overview, briefly expounding on the Solid Waste Management system. The main customers DEH conducts work with are the owners and operators of municipal landfills, which is nearly always some level of local government. Permit fees are charged for all types of solid waste permits except small, rural landfill. The nonmunicipal permits are 100% fee-based. The primary activities are to establish the standards for design, construction, and operation. Review and approve facility plans. Establish criteria for closing out solid waste disposal sites. Conduct inspections. Provide technical and consultative assistance. The Resource Conservation and Recovery Act gives the EPA authority to establish rules for municipal solid waste disposal. The EPA must approve state programs. The Land Disposal Program Flexibility ACT of 1996 allows the Governor of Alaska to exempt certain small, remote municipal solid waste landfills from those federal requirements. The state has developed its own standards for these landfills. There are no federal requirements for other types of waste. For municipal solid waste, Congress allows the states flexibility in approving landfill locations and construction materials. These flexibilities substantially cut down costs for landfill owners. Privatized areas of Solid Waste Management include all landfill design work, some aspects of DEH reviews are contracted out, all groundwater monitoring, and all large photocopying jobs. This concludes the overview of the Division of Environmental Health.

Chairman stated that there might be some follow-up discussion and information on DEH during the next subcommittee meeting.

Stephanie Madsen stated that there would be a conflict concerning the date of the next meeting.

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Jerry Brookman stated that the 8<sup>th</sup> would probably be better.

Mary Siroky responded that the 8<sup>th</sup> would not be a good date for availability.

Chairman stated that the next meeting date will be finalized and the members subsequently notified, and the time limit had expired for the present meeting.

The meeting was adjourned at 3:35 p.m.

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# Department of Environmental Conservation, Division of Environmental Health

Report to Privatization Commission September 1<sup>st</sup>, 1999

## What is Environmental Health?

The Division of Environmental Health is comprised of ten programs in five budget components that work together with Alaskans to provide safe water, safe food, and healthy communities.

## What is our Mission?

The mission of the EH is to prevent and control public health nuisances by establishing standards of cleanliness and sanitation for water, solid waste, and food, where a lack of sanitation may create a condition that causes disease.

In other words our mission is: Safe Water, Safe Food, Healthy Communities.

## Components and Programs

Director's Office (\$168.4)

Drinking Water & Wastewater (\$3,814.6)

Food Safety & Sanitation (\$3,142.2)

- Food Safety and Sanitation
- Office of the State Veterinarian

Laboratory Services (\$2,232.7)

- Laboratory Services
- Pesticides

Solid Waste Management (\$1,078.3)

## How is Environmental Health funded?

The Division of Environmental Health is primarily funded by general funds. Two-thirds of our operating budget - 64% - is general funds. One-third - 34% - is federally funded and 65% of those federal dollars support the Drinking Water Program.

### FY00 Authorized Funding

|                               |                   |             |
|-------------------------------|-------------------|-------------|
| Federal Receipts              | 3,562.0           | 34.1%       |
| General Fund Match            | 957.2             | 9.2%        |
| General Fund                  | 3,111.8           | 29.8%       |
| General Fund/Program Receipts | 2,611.6           | 25.0%       |
| Inter Agency Receipts         | 20.0              | .2%         |
| Response Fund                 | 173.6             | 1.7%        |
|                               | <b>\$10,436.2</b> | <b>100%</b> |

Dec Subcommittee Meeting  
Commission on Privatization  
Meeting Date: 9/01  
Meeting Time: 1:30pm  
Number of Pages: 15

# Drinking Water and Wastewater

## FY00 funding by source

|                               |                  |
|-------------------------------|------------------|
| General Fund                  | 501.6            |
| General Fund/Program Receipts | 503.6            |
| General Fund Match            | 496.9            |
| Federal                       | 2,311.5          |
|                               | <b>\$3,814.6</b> |

## Who are our customers?

Owners and operators of public water systems

- Those that are expected to serve 25+ residents a year (Class A);
- Those that are expected to serve at least 25 people a day for at least 2 months (Class B);
- Any other public water system (Class C)

Owners and operators of domestic wastewater systems (septic and sewer)

## We charge for:

Engineered plan reviews\*

Determinations that a system is served by "groundwater under the direct influence of surface water"

Determination of optimal corrosion control when a PWS exceeds the allowable levels of lead and copper

Approval of surface water treatment rule filtration avoidance

System extensions

Contaminant monitoring waivers for PWS

Separation distance or other waivers

Certification of domestic waste water – septic system installers

Approval of sanitary surveyors and PWS inspectors

Approval of an "innovative" technology or device

Inspections, including follow-up on valid complaints and enforcement

\* Engineered plan reviews are not done for domestic wastewater systems serving a single family home, a duplex, or a single commercial building with an expected peak design flow of 500 gpd or less, or for Class C water systems that use groundwater as their source of drinking water.



## **Drinking Water and Wastewater cont.**

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### **What do we do and why?**

#### **Primary Activities**

#### **Results**

Establish design, construction and operations standards for PWSs and wastewater treatment and disposal systems

Systems that are capable over time of providing safe water in sufficient quantities or that can safely dispose of human wastes

Review public water systems and domestic wastewater system construction plans\*

Compliance with design standards

Review financial, managerial, and technical capacity for public water systems

Public water systems capable of continued operations on a sustained basis

Require laboratory testing of the water provided by public water systems

Water that is within acceptable contaminant levels (i.e. safe to drink)

Require inspections and sanitary surveys of public water systems

Compliance with construction and operating standards

Work with public water system owners to protect drinking water sources

Reduction in potential contamination at the water source

### **What's our relationship to the federal government?**

Safe Drinking Water Act, passed by Congress in 1974, amended in 1986 and 1996, gives EPA authority for Class A and Class B systems (Class A = community water systems and nontransient noncommunity water systems, Class B = transient noncommunity water systems)

EPA can delegate oversight authority to states provided state standards are at least as stringent as federal standards and we meet the operational requirements set out in federal regulations and policy. This is called giving the state "primacy."

Alaska has had "primacy" since September 22, 1978

## **Drinking Water and Wastewater cont.**

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### **Why us and not the feds?**

Federal government pays for 75% of the management costs of the DW Program

State can issue contaminant monitoring waivers and separation distance waivers (saves water systems BIG money)

State has access to federal construction funds for public drinking water systems

EPA runs "enforcement only" program; does not provide technical assistance

### **What's privatized in this program?**

1. Sanitary surveys for DW system done by private individuals
2. Certified installer program for DWW systems (expands who can install these systems)
3. Monitoring of water systems done by private labs
4. Moving certified installer training to University of Alaska
5. Certification of on-lot septic systems now done by private engineers
6. All large photo copying jobs such as regulations, forms, newsletters etc.



### **LIST OF 15 REQUIREMENTS FOR PRIMACY**

1. **MUST HAVE ADOPTED DRINKING WATER REGULATIONS NO LESS STRINGENT THAN NATIONAL PRIMARY DRINKING WATER REGULATIONS**
2. **MUST HAVE ADOPTED AND BE IMPLEMENTING ADEQUATE PROCEDURES FOR ENFORCEMENT OF STATE REGULATIONS**
3. **MUST MAINTAIN AN INVENTORY OF PUBLIC WATER SYSTEMS**
4. **MUST HAVE A PROGRAM FOR CONDUCTING SANITARY SURVEYS WITH PRIORITY GIVEN TO SYSTEMS NOT IN COMPLIANCE**
5. **MUST HAVE A PROGRAM FOR CERTIFICATION OF LABORATORIES, UNLESS ALL SAMPLES ARE ANALYZED IN THE STATE LABORATORY**
6. **MUST ASSURE AVAILABILITY OF LABORATORY FACILITIES FOR ANALYSIS OF ALL CONTAMINANTS INCLUDED IN STATE REGULATIONS**
7. **MUST HAVE DESIGN AND CONSTRUCTION STANDARDS TO ENSURE THAT NEW OR SUBSTANTIALLY MODIFIED SYSTEMS WILL BE CAPABLE OF COMPLYING WITH STATE REGULATIONS**
8. **MUST HAVE AUTHORITY TO APPLY REGULATIONS TO ALL PUBLIC WATER SYSTEMS**
9. **MUST HAVE AUTHORITY TO SUE IN COURTS OF COMPETENT JURISDICTION TO ENJOIN ANY VIOLATION OF REGULATIONS**
10. **MUST HAVE RIGHT OF ENTRY AND INSPECTION FOR PUBLIC WATER SYSTEMS**
11. **MUST HAVE AUTHORITY TO REQUIRE WATER SUPPLIERS TO KEEP APPROPRIATE RECORDS AND REPORT TO THE STATE**
12. **MUST HAVE AUTHORITY TO REQUIRE WATER SUPPLIERS TO GIVE PUBLIC NOTICE**
13. **MUST HAVE AUTHORITY TO ASSESS CIVIL OR CRIMINAL PENALTIES FOR VIOLATION OF STATE REGULATIONS**
14. **MUST MAINTAIN RECORDS OF ITS ACTIVITIES AND REPORT TO EPA**
15. **MUST HAVE ADOPTED AND CAN IMPLEMENT AN ADEQUATE PLAN FOR THE PROVISION OF SAFE DRINKING WATER UNDER EMERGENCY CIRCUMSTANCES**

# Food Safety and Sanitation

Food Safety & Sanitation (2903.7)  
Office of the State Veterinarian (238.5)

FY00 funding by source

|                                     |         |
|-------------------------------------|---------|
| General Fund                        | 698.5   |
| Commercial Fish Revolving Loan Fund | 175.0   |
| General Fund/Program Receipts       | 1530.5  |
| General Fund Match                  | 244.1   |
| Federal*                            | 494.1   |
|                                     | 3,142.2 |

\* Some amount of federal funds will be restricted as uncollectable. The final amount is not yet known.

## What fees are charged?

All food-related permits (except for dairy processing) have fees associated with them to help defray the costs of the total program services. We do not have fee authority for any public facility oversight except for overnight accommodations, however we do not have fees in place. We also have authority to establish fees for veterinary services provided by the state vet, but have not yet adopted any fees for those services.

## What do we do and why?

### Primary Activities

Establish facility requirements; review and approve plans

Approve shellfish growing areas

Establish criteria for livestock imports and care

Conduct inspections

## Who are our customers?

Anyone who sells or serves food to the public (retail food), such as:

- Restaurants
- Grocery stores
- Schools and day cares

Food processors, such as

- Dairy
- Seafood
- Shellfish growers/harvesters
- Bottled water
- Candy, syrups

Owners and operators of public facilities, such as

- Day care centers
- Overnight accommodations
- Pools/spas
- Schools and cosmetological establishments

Veterinarians & vet medicine manufacturers

### Results

Reduction in potential for unsanitary conditions and contamination of food

Reduced likelihood of PSP contamination

Healthy animals for food production

Compliance with requirements; share food safety information with operators and employees



## **Food Safety and Sanitation Cont.**

---

### **Primary Activities**

Operator/processor education

Laboratory testing of food products and shellfish growing water

Participate in recalls

Investigate reports of foodborne and waterborne illnesses

Provide technical/consultative assistance

### **Results**

Fewer problems that can lead to foodborne illness

Verify safety of food products

Remove unsafe food products from commerce

Find and correct the cause of the illness

Increase in compliance at the lowest cost to operators

## **What's our relationship to the federal government?**

Dairy processing: must follow the Food & Drug Administration (FDA) Pasteurized Milk Ordinance to sell milk processed in Alaska interstate, to the military, or to schools.

Shellfish growing/harvesting: must follow FDA's Model Ordinance for the Control of Molluscan Shellfish to sell shellfish interstate and internationally.

Other seafood processing: must follow FDA's Hazard Analysis Critical Control Point regulations as well as FDA's Good Manufacturing Practices (GMPs) regulations to sell product interstate or internationally.

Other foods processed in Alaska must also be processed in accordance with the federal rules for that type of food. All must follow the GMPs.

There are no federal requirements for retail foods but there is a federal guideline called the "Food Code." There are also no federal requirements for public facilities.

Animal Health: the federal government sets minimum standards for disease control in animals that in turn affects interstate & international shipment of animals. States may set more stringent requirements.

## **Food Safety and Sanitation Cont.**

### **Why us and not the feds?**

The federal government does not provide direct services for food processors except for small, fairly targeted areas. However, the federal rules must be followed in order to assure market access to our processors.

It also does not provide animal health services to states.

Although we do not receive any financial support from the federal government for any of these services, they will contract with us to conduct some seafood inspections:

US Department of Commerce (USDC) has several types of inspection programs available to the industry on a fee-for-service basis. Listed below are the types of inspections we have performed for USDC. USDC pays us on a per-inspection basis.

**Type 1 In-plant inspection** – continuous product inspection to allow the product to be sold for certain federal government programs, such as the Grace A program and the Packed Under Federal Inspection (PUFI) program. The inspector must be in the plant throughout the production of that lot of product.

**Type 2 Lot inspections** – product is inspected for quality, condition and sometimes graded to buyers' specifications. A Certificate of Origin, Export Health Certificate, and European Union - country specific certificates are issued. This allows product to enter into countries that have imposed these requirements, or the buyer is ensured they are receiving the quality of product requested.

**Type 3 Miscellaneous** – includes, 1) cannery sanitation and retort survey inspections to get a cannery approved to produce product under the PUFI program, 2) routine USDC plant sanitation inspections to be listed on their list of approved establishments, and 3) fish meal plant inspections.

FDA will also contract with us to conduct federal HACCP inspections.

### **What's privatized in this program?**

1. Some HACCP and food server training
  2. HACCP plan preparation (done by processors and private consultants)
  3. Collection of some water samples (by shellfish growers)
  4. Issuance of animal health certificates (by private veterinarians)
  5. All large photocopying jobs such as regulations, forms, and brochures
  6. Public service announcements
- Looking at creating certified 3<sup>rd</sup> party inspector program for low-risk facilities



## **RISK BASED INSPECTION FREQUENCY PROTOCOL**

**(Risk Level = # of routine inspections per year)**

Where HACCP is mandatory or being voluntarily followed, only one inspection per year per process/product is a full HACCP inspection.

| <b>RISK LEVELS<sup>1</sup></b> | <b>PROCESS/PREPARATION OR CONDITIONS</b>                                                                                                                                                                                                                                                                                                         | <b>EXAMPLES</b>                                                                                                                                                                                                                                                                                                          |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Complaint Only</b>          | Ensure minimum health and safety standards are met through plan review and complaint investigation.                                                                                                                                                                                                                                              | Cosmetology; very small bed and breakfasts; public toilets; showers, laundromats.                                                                                                                                                                                                                                        |
| <b>1</b>                       | Limited preparation which may include assembling precooked/sliced items; cook and serve;<br>Cold hold and display of prepackaged foods/produce<br>Gill, gut, harvest, package fresh/frozen, (not ready to eat)<br><br>Physical, microbial and chemical hazards are generally present                                                             | Limited food service; mobile food service; bars/taverns; convenience stores; grocery stores; warehouses; fresh/frozen produce and fish processors.<br><br>Campgrounds (no RVs), hotels/motels/lodges; larger bed and breakfasts.                                                                                         |
| <b>2</b>                       | Assemble, cook and serve hot or cold hold (No cooling and reheating)<br>Salvage and repackaging<br>Shellfish harvesters<br>Retail processing including meat and seafood slicing, cutting, and wrapping<br>Processing of ready to eat or shelf stable non potentially hazardous foods<br><br>Physical, microbial and chemical hazards are present | Delis; food banks; supermarkets; retail seafood and meat markets; bakeries; ice manufacturers; bottled water and other beverages;<br>candy, jams, jellies and syrup manufacturing; fast food take-out.<br><br>Spas, RV parks, tattoo parlors, residential care facilities, preschools, elementary and secondary schools. |
| <b>3</b>                       | Associated with known toxins (tuna, mushrooms, shellfish)<br>Assemble, cook, cool, hold, and reheat<br>Processing and packaging into ready-to-cook meals<br>All processing of warm-blooded animals<br><br>High physical, microbial and chemical hazards                                                                                          | Processing of foods with known toxins; full service restaurants; meat processing (not covered under MPI); labor camps; institutions.<br><br>Day care centers and pools/spas.                                                                                                                                             |
| <b>4</b>                       | Thermal processing of low-acid foods<br>Reduced oxygen packaging<br>Smoking or curing of ready to eat and shelf stable potentially hazardous foods<br>Pasteurizing                                                                                                                                                                               | Canning and smoking seafood, meats; roe processing; low-acid canning; any processor that ROPs.                                                                                                                                                                                                                           |

<sup>1</sup> Considerations that may increase or decrease the number of annual routine inspections:

Add one inspection per year for food facilities:

- The facility is an institution that accepts donations of traditional Native foods;
- The targeted population served by the facility is 1) children; 2) elderly; or 3) immunocompromised;
- The facility has a scored inspection of 84 or below;
- The facility has a non-scored inspection and has 3 or more critical violations OR 2 or more critical violations AND 2 or more repeated noncritical violations;
- The methods of food preparation at a food service establishment are complex (that is, there are a number of food items or ingredients are prepared in advance requiring cooling and reheating); or
- The facility is large (see note).

Add one inspection per year for public facilities if:

- Three or more critical violations during last routine inspection
- Secondary school has an industrial arts program.

Deduct one inspection per year for a food facility if:

- The facility has a scored inspection of 94 or above and no critical violations for two consecutive inspections;
- The facility has a non-scored inspection with no critical violations and no more than 4 non-critical violations for two consecutive inspections;
- The facility is a participant in good standing in the Division's facility recognition program; or
- The facility has a sufficient HACCP plan that is being fully implemented.

Deduct one inspection per year for a public facility if:

- No critical violations during last two consecutive inspections.

NOTE: "Large" is purposely not being defined at this point since we do not categorize most of our facilities in that way however it is to relate to capacity or volume. For the time being, Program Managers are to determine whether or not a facility is "large" but they must be able to articulate their rationale to me so we can come up with appropriate definitions.



## Laboratory Services

Food Safety Lab (1,024.8)  
State Chemistry Lab (926.6)  
Pesticides (281.3)

### FY00 funding by source

|                               |       |
|-------------------------------|-------|
| General Fund                  | 950.1 |
| General Fund/Program Receipts | 144.0 |
| General Fund Match            | 215.2 |
| Federal                       | 729.8 |
| Oil & Hazardous Response Fund | 173.6 |
| Interagency Receipts          | 20.0  |

**2,232.7**

### Who are our customers?

Owners and operators of commercial labs  
Food processors, especially seafood  
Users of pesticides (primarily commercial and government users)

- Oil companies
- Commercial pest controllers
- Municipalities
- Agriculture
- Fishing industry

### What fees are charged?

We charge fees to commercial labs that we certify

We also charge for any food testing done at the request of the processor, including testing necessary to export product out of the U.S.

Finally, we will charge for a PWS to test its water for cryptosporidium or giardia (there is now one private lab that can conduct these tests to which we will refer public water systems.

We do not have fee authority for any pesticide services

## **Laboratory Services Cont.**

---

### **What do we do and why?**

#### **Primary Activities**

Certify or accredit commercial labs to conduct analysis of public drinking water systems, as well as underground storage tank and contaminated site remediation

Conduct laboratory testing of commercial food products processed in Alaska, including testing of shellfish for PSP

Limited number of oil spill sampling

Train and certify pesticide applicators

Issue pesticide permits for 1) aerial application, 2) application by or for a governmental entity, and 3) projects that will affect land owned by separately by two or more people.

Conduct some analysis of animals such as reindeer for brucellosis or tuberculosis

Marketplace pesticide inspections

#### **Results**

Accurate measurements of contaminants in water and soil

Alaska-processed food that is safe to eat and has access to markets

Determine source of "orphan" oil spills

Reduce potential for improper pesticide use

Ensure public notice of large-scale applications

Prevent disease in Alaska's domestic animals

Prevent the sale of illegal pesticides



## **Laboratory Services Cont.**

---

### **What's our relationship to the federal government?**

Certification of commercial labs that test public water systems is a condition of primacy for the drinking water program. Federal funds help support this effort.

Like the Drinking Water program, EPA can also delegate responsibility for the pesticide program to states with standards that are at least as stringent as EPAs.

### **Why us and not the feds?**

See Drinking Water program overview for benefits of primacy.

For pesticides, we also have primacy. Under the federal rules, the most toxic pesticides can only be used by certified applicators (restricted-use pesticides). With a state program, access to this certification is significantly greater than what EPA might offer.

The state also has the ability to approve a pesticide for a "special local need" that was not included in EPA's initial registration.

### **What's privatized in this program?**

All laboratory analyses are done by private laboratories except:

- Cryptosporidium and giardia in public water systems
- Food testing
- Some animal analyses for other state and federal agencies

# Solid Waste Management

## FY00 funding by source

|                                          |                |
|------------------------------------------|----------------|
| General Fund                             | 618.2          |
| General Fund/Program Receipts            | 433.5          |
| Federal (NOAA, Pribilof Islands Project) | 26.6           |
|                                          | <b>1,078.3</b> |

## What fees are charged?

Permit fees are charged for all types of solid waste permits except small, rural landfills (called Class III landfills). The nonmunicipal permits are 100% fee-based (except for travel costs which are covered by general funds)

## What do we do and why?

### Primary Activities

Establish design, construction and operation standards

Review and approve facility plans

Establish criteria for closing out solid waste disposal sites

Conduct inspections

Provide technical/consultative assistance

## Who are our customers?

Owners and operators of municipal landfills, which in nearly all cases is some level of local government

Owners and operators of types of land disposal facilities for solid, not liquid, wastes, such as

- Construction/demolition debris
- Mining and wood waste
- Sewage sludge
- Oil drilling muds

### Results

Facilities that are capable of handling wastes without causing off-site pollution; protect property values to the extent possible

Compliance with design standards

Fewer inactive solid waste sites that become contaminated sites

Spot any potential problems early when they can be most efficiently corrected

Increase in compliance at lowest cost to owner/operator



## **Solid Waste Management Cont.**

---

### **What's our relationship to the federal government?**

Resource Conservation and Recovery Act (RCRA) Subtitle D gives EPA authority to establish rules for municipal solid waste disposal. State programs must be approved by EPA.

Land Disposal Program Flexibility Act of 1996 allows the Governor of Alaska to exempt certain small, remote municipal solid waste landfills from those federal requirements. The state has developed its own standards for these landfills (we call them Class III landfills).

There are no federal requirements for other types of wastes.

### **Why us and not the feds?**

For municipal solid waste, Congress allows states flexibility in approving landfill locations (earthquake-prone areas; wetlands) and construction material (liner materials.) These flexibilities can save landfill owners millions of dollars.\*

For non-municipal wastes, the benefit is to "associated wastes", which come from oil and mining operations. They are specifically excluded from being regulated as hazardous wastes (RCRA Subtitle C) and instead are managed under states solid waste program.

### **What's privatized in this program?**

1. All landfill design work
2. Some aspects of our review may be contracted out
  - Extremely complicated designs
  - High level engineering review
3. All groundwater monitoring
4. All large photocopying jobs such as regulations, forms and brochures.

\* Federal law allows only one kind of liner – a geotextile liner over 2 feet of clay. The Municipality of Anchorage told us this would increase their costs by \$180,000 per acre of liner.

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DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH  
DIRECTOR'S OFFICE  
555 CORDOVA STREET  
ANCHORAGE, ALASKA 99501  
<http://www.state.ak.us/dec/deh>

DEC Subcommittee Meeting  
Commission on Privatization  
Meeting Date: 9/16 2/2  
Meeting Time: 1:30pm  
Number of Pages: X

Telephone: (907) 269-7644

Fax: (907) 269-7654

e-mail: [jadair@envircon.state.ak.us](mailto:jadair@envircon.state.ak.us)

September 9, 1999

Virgil Norton, Chairman  
Department of Environmental Conservation (DEC)  
Privatization Subcommittee  
C/O The Office of Senator Jerry Ward  
716 West 4<sup>th</sup> Avenue, Suite 450  
Anchorage, Alaska 99501

Dear Mr. Norton:

During the overview of the Division of Environmental Health, which Bob Gilfilian chaired in your absence, I was asked to provide a few pieces of information to the subcommittee.

1. When discussing the Drinking Water program's review of engineered design and construction plans for public water systems, Marco Pignalberti asked if a private engineer under contract to the department could do those reviews. I did not know the answer and have sent a letter, as promised, to the Environmental Protection Agency (EPA) posing the question. A copy of my letter is enclosed for your information. As soon as I hear from EPA, I will let you know.

2. The subcommittee was interested in understanding in more detail the shortcomings of our Food Safety Laboratory. I was asked to provide a copy of the Feasibility Study for a new Food Safety Laboratory (which is our laboratory located in Palmer) prepared last year. It is enclosed. I have also included an evaluation done of our Food Safety Laboratory and the new Public Health Laboratory currently being constructed for the Department of Health and Social Services.

You'll see the Feasibility Study recommends that the most cost-effective approach for the state is to build and own a new laboratory located in Palmer that combines both DEC laboratories. The contractor did not factor into his financial calculation savings that would be associated with constructing the new facility in Anchorage on land already owned by state. We understand there is state-owned land that could be used for such a facility, making Anchorage the most cost-effective location.

*Safe Food. Safe Water. Healthy Communities*

An Anchorage facility would also be smaller than one in Palmer because we have non-laboratory staff that would need to remain in the Mat-Su Valley area in leased office space. The cost per square foot of leased office space would be less than the cost per square foot to build office space in a new laboratory, thus further reducing the overall cost.

Finally, it may be possible to add a wing onto the new Public Health Laboratory to accommodate one or both of DEC's laboratories. This may likely be the most cost-effective alternative.

3. I was asked about the Request for Proposals for new laboratory equipment that was recently issued. There are four (4) pieces of equipment being replaced in the State Chemistry Laboratory (located in Juneau) because they are not Y2K compliant. The funding for this replacement was included in the Y2K appropriation bill last session.

The four (4) pieces of equipment include three (3) Gas Chromatographs Mass Spectrometers (GS/MS). One (1) GS/MS analyzes semi-volatiles in support of the oil spill program in the Division of Spill Prevention and Response. The other three (3) pieces of equipment support the Drinking Water Program: one (1) GS/MS analyzes semi-volatiles in drinking water and the other GS/MS analyzes volatile organic compounds. The fourth piece of equipment is a graphite furnace for inorganic elements and compounds in drinking water.

Since you were not at the meeting but had questions regarding our laboratory work, let me take a minute to explain. We have two (2) laboratories as I've noted above. The Food Safety Laboratory analyzes foods produced in Alaska or those that are implicated in a possible food borne illness outbreak. There are no private laboratories in Alaska that perform these tests. The Food Safety Laboratory also certifies private commercial laboratories to conduct microbiological testing of public water supplies as required under the federal Safe Drinking Water Act.

The State Chemistry Laboratory in Juneau certifies private laboratories to conduct chemical analyses of public drinking water supplies, which is also required under the federal Safe Drinking Water Act. It also certifies private laboratories that are involved in underground storage tank or contaminated site cleanup.

In order to certify private laboratories to do the various analyses required for public water systems, federal law requires that a state laboratory be certified by EPA to conduct those same analyses. That is, we cannot certify a private laboratory to conduct analyses for which we are not ourselves certified by EPA. This is a condition of primacy for the Drinking Water Program. However, we do not compete with private laboratories by performing these tests on a routine basis for public water systems. We may analyze water but only if there is a public health or compliance concern.



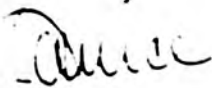
Page 3  
Virgil Norton  
September 9, 1999

4. I was asked what additional federal funds might be available for the Drinking Water Program that were being left "on the table" because of a lack of match. We do not know the amount of the annual federal drinking water grant until after Congress approves EPA's budget. So, for state FY 01, we don't have the figures at this time. However, in past years, EPA has offered the state anywhere from \$200,000 to just over \$300,000 more in the federal drinking water grant than we have been able to accept because we do not have the 25% general fund match to capture those funds. Those monies are then distributed to other states that can match them. We have no reason to expect the upcoming year will be any different, and EPA will offer the state more federal dollars than it will be able to accept.

I believe this is all of the information I was asked to provide. I noticed at the hearing that the subcommittee members did not have the web pages for all of the Division's programs. I have therefore included copies here as well as the information on our website regarding how we measure our performance. Please note that we have not yet updated our website to reflect the organizational changes made as a result of last session's budget cut.

If there is anything else or if you'd like to discuss any of these issues further, please don't hesitate to contact me.

Sincerely,



Janice Adair  
Director

JA ow (g: eh director Virgil Norton.doc)

Enclosures:

- Letter to Randall Smith, EPA Region 10 dated September 8, 1999
- Livingstone Sloan Feasibility Study dated October 1998
- Laboratory Evaluation Report dated May 6, 1999
- Environmental Health web pages

cc: Michele Brown, Commissioner (w/o enclosures)  
Marco Pignalberi, Office of Senator Ward (w enclosures)

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

### DIVISION OF ENVIRONMENTAL HEALTH DIRECTOR'S OFFICE

555 CORDOVA STREET  
ANCHORAGE, ALASKA 99501  
<http://www.state.ak.us/dec/deh>

Telephone: (907) 269-7644

Fax: (907) 269-7654

e-mail: [jadair@envircon.state.ak.us](mailto:jadair@envircon.state.ak.us)

September 8, 1999

Randall Smith  
Director, Office of Water  
Environmental Protection Agency Region 10  
1200 Sixth Avenue (OW-135)  
Seattle, Washington 98101

Dear Randy:

During the last legislative session, the Alaska legislature passed a bill creating the Commission on Privatization. The Commission is to look at various state services and make recommendations as to whether or not those services might be better delivered by another level of government or by the private sector.

In order to accomplish its goal, the Commission has established subcommittees to perform a more in depth review of each department. During my overview on the Division of Environmental Health, I was asked if the review of engineers plans for drinking water systems could be done by private engineers, or if the rules for primacy require those plans be reviewed by the state.

As you know, 41 CFR 142.10(b)(5) says that the state must establish and maintain an activity to assure that the design and construction of new or substantially modified public water systems will be capable of complying with the state primary drinking water regulations. Can private engineers under contract to the state do this review? If so, are there any states that currently have this kind of an arrangement? If our subcommittee is interested in pursuing this further, we'd like to contact other states to see how they have set it up so we don't reinvent the wheel. If private engineers on contract to the state cannot do this review, it would be most helpful if you would provide me with whatever information EPA relies upon for that determination so I can provide it to the subcommittee.

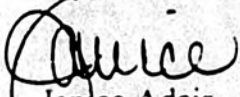
*Safe Food. Safe Water. Healthy Communities*



Page 2  
Randall Smith  
September 8, 1999

Thank you for your assistance with this matter, Randy. The subcommittee's report is due at the end of October, and if appropriate, I'm sure they'd like to include this recommendation in it.

Sincerely,

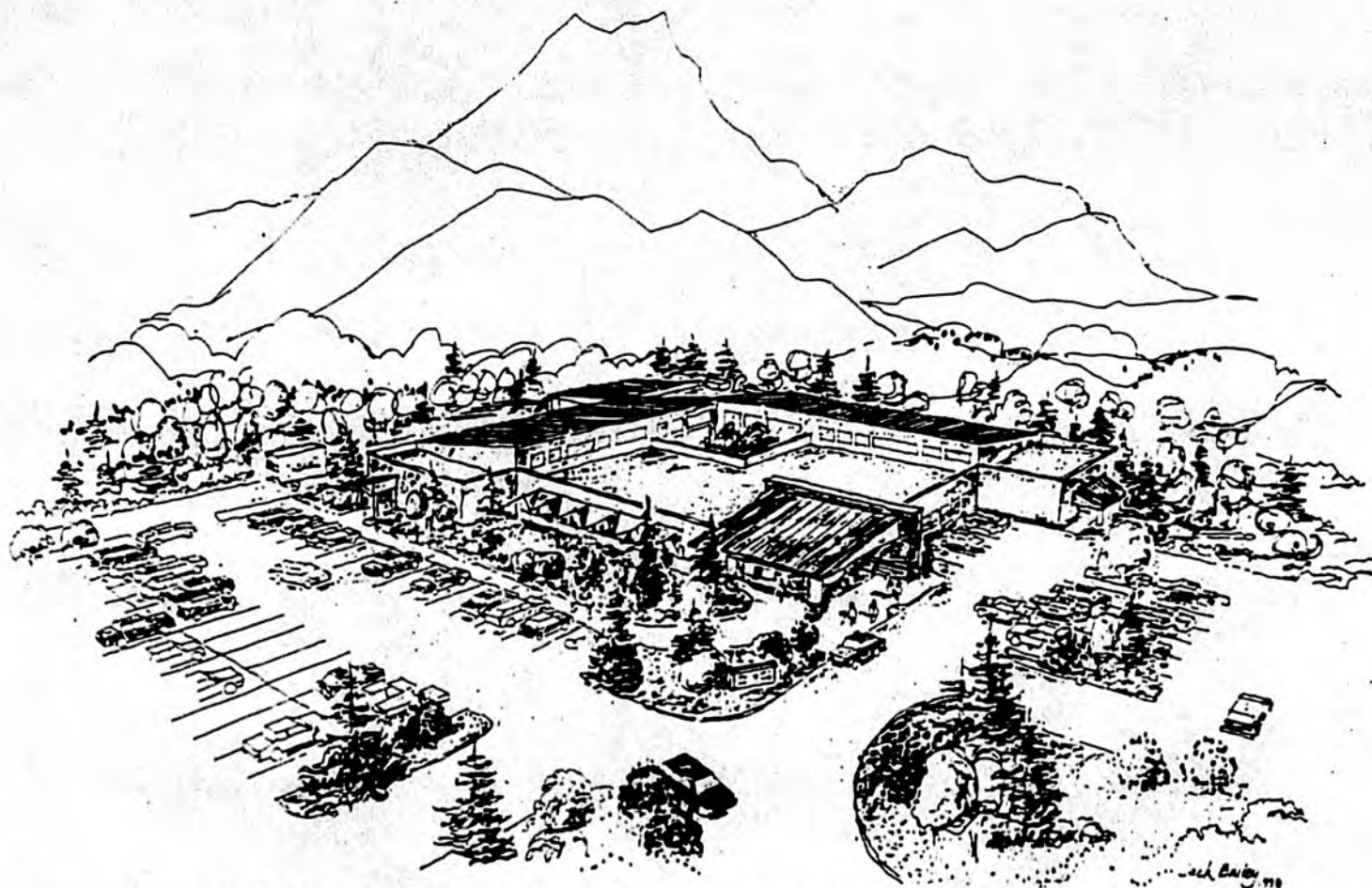
  
Janice Adair  
Director

cc: Michele Brown, Commissioner  
  
Virgil Norton, Chairman  
DEC Privatization Subcommittee

FINAL

# Food Safety Laboratory Feasibility Study

Study includes: Consolidated Food Safety  
Laboratory / State Chemistry Laboratory  
Economic Analysis and Conceptual Design



State of Alaska, Department of Environmental Conservation  
Division of Environmental Health  
Laboratory Services

October 30, 1998

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**LIVINGSTON  
STONE**  
ARCHITECTURE  
ENGINEERING  
PLANNING  
INTERIOR DESIGN  
PROJECT MANAGEMENT

---



**FINAL**

**Food Safety Laboratory  
Feasibility Study**

Study Includes: Consolidated  
Food Safety Laboratory / State Chemistry Laboratory  
Economic Analysis and Conceptual Design

Prepared for  
State of Alaska  
Department of Environmental Conservation  
Division of Environmental Health  
Laboratory Services

Prepared by  
Livingston Slone, Inc.  
3900 Arctic Blvd., Suite 301  
- Anchorage, Alaska 99503  
(907) 562-2058

October 30, 1998

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## **FEASIBILITY STUDY TEAM**

### **Project Manager, Architect and Civil Engineer**

Livingston Slone, Inc.  
Anchorage, Alaska

### **Economist**

Northern Economics  
Anchorage, Alaska

### **Laboratory Planner**

McLellan & Copenhagen  
Seattle, Washington

### **Real Estate Consultant**

Kincaid & Riely  
Anchorage, Alaska

### **Cost Estimator**

Estimations, Inc.  
Anchorage, Alaska

### **Engineering Consultant**

PDC Consulting Engineers, Inc.  
Anchorage, Alaska

## **EXECUTIVE SUMMARY**

In July, 1998, the State of Alaska, Department of Environmental Conservation, Division of Environmental Health contracted with Livingston Slone, Inc. to conduct a Feasibility Study for a new Food Safety Laboratory (FSL). The scope of this Feasibility Study includes: an analysis to determine the most cost-effective location for a new FSL; an analysis to determine whether the State should lease or own a new FSL; and an analysis to determine whether a new FSL should be consolidated with the State Chemistry Laboratory (SCL). In addition, the consolidation analysis addresses the feasibility of consolidating the Drinking Water and Wastewater Program's (DW&WP) Wasilla office with the FSL and SCL. Finally, this feasibility study includes a conceptual design based on the findings of the economic analysis.

### **ECONOMIC ANALYSIS MAJOR FINDINGS**

An economic analysis of the lab location and ownership alternatives shows that the least cost alternative is to consolidate the FSL and SCL in Palmer, and for the State to own the new facility. This conclusion is based on a comparison of the present value of total costs. Total costs are calculated for a 20-year planning horizon and include all major capital and operating and maintenance expenses.

In the analysis of where to locate a new stand-alone FSL and whether the State should own or lease the new facility, the analysis compared the cost of owning versus leasing in Anchorage and Palmer. In the analysis of whether the State should consolidate the FSL and SCL, the analysis compared the cost of maintaining separate labs with the cost of building a consolidated facility. Location alternatives considered for the new, consolidated facility were Anchorage, Juneau, and Palmer.

The analysis shows that the expected cost of a consolidated facility is less than the expected cost of building and maintaining separate labs, regardless of where the consolidated facility is located. Consolidating the labs in Palmer appears to be the least-cost alternative based on lower development costs in Palmer and other factors. Locating the consolidated facility in Palmer is approximately 2 percent less expensive than locating the facility in Anchorage, and at least 6 to 10 percent less expensive than locating the facility in Juneau. The difference between the Anchorage and Palmer locations is not considered significant. Making the facility large enough to accommodate DW&WP staff appears to be a cost-effective strategy if the new, consolidated facility is in Palmer.

The following tables present estimates for initial capital requirements and major one-time expenses for a new, consolidated facility in Palmer - the facility includes space for DW&WP staff, as well as all staff currently located at the FSL in Palmer. The total of initial capital requirements and major one-time expenses is approximately \$14.063 million. Actual program expenses would be higher due to miscellaneous expenses not included in the analysis, such as vehicle costs, laundry, communications, etc.



**Initial Capital Requirements for Consolidated FSL/SCL in Palmer**

| Land<br>(3 acres) | Building<br>(including contingencies and fees) |
|-------------------|------------------------------------------------|
| \$98,000          | \$13.89 million                                |

**Major One-Time Expenses for Consolidated FSL/SCL in Palmer**

| Training for New Staff | Moving Expenses | Equipment |
|------------------------|-----------------|-----------|
| \$30,000               | \$27,000        | \$18,300  |

The following table shows the total capital cost of a new consolidated facility in Palmer compared to the cost of separate FSL and SCL facilities. This table demonstrates the savings that could be realized by consolidating the FSL and SCL.

**Cost Comparison for Separate and Consolidated Labs**

|                                       | Initial Requirements for<br>Building and Land | Present Value of Operating<br>Expenses (over 20 years) |
|---------------------------------------|-----------------------------------------------|--------------------------------------------------------|
| Separate Labs<br>In Palmer and Juneau | \$15.1 million                                | \$33.51 million                                        |
| Consolidated Labs in<br>Palmer        | \$14.0 million                                | \$30.85 million                                        |
| Savings with<br>Consolidation         | \$1.1 million                                 | \$2.66 million                                         |

The economic analysis also demonstrates that if the State were to maintain separate FSL and SCL facilities, building and owning new labs is less expensive than leasing. The cost of building and owning a new SCL is less than the cost of extending the existing lease. In addition, the cost of building and owning a new FSL is less than the cost of leasing. If a stand-alone FSL is developed without the SCL, there is no significant difference in locating a new FSL in Anchorage or Palmer. Higher development costs in Anchorage are offset by salary savings. It is not clear from the economic analysis whether DW&WP should be included in the new facility if it is designed solely for the FSL.

The following table shows the difference in costs between owning and leasing a new FSL in Palmer, and building a new SCL in Juneau versus maintaining the existing lease. These numbers are for illustrative purposes and project ranking only – they should not be viewed as estimates of total program costs. In addition, it is important to note that the existing lease for the SCL can be extended for only ten years. At the end of that period, some alternative arrangement must be made. It is assumed that if the State builds a new SCL in Juneau now, the costs associated with that building would be repaid in ten years. Maintaining the existing lease in Juneau simply postpones the date when the State would incur capital expenses for a new facility or negotiates a new lease.

### Cost Comparison for Owning and Leasing Separate Labs

|                                      | Initial Capital Requirements<br>(Building and Land) | Annual Lease Requirements    | Present Value of Operating Expenses<br>(for 20 years) | Other Major Commitments                 | Approximate Total – Based on 20 Year Planning Horizon |
|--------------------------------------|-----------------------------------------------------|------------------------------|-------------------------------------------------------|-----------------------------------------|-------------------------------------------------------|
| Build New FSL in Palmer <sup>a</sup> | \$9,105,000                                         |                              | \$19,401,082                                          |                                         | \$31.4 million                                        |
| Lease New FSL in Palmer <sup>a</sup> | \$5,322,000                                         | \$93,600                     | \$20,143,160                                          |                                         | \$36.1 million                                        |
|                                      |                                                     |                              |                                                       |                                         |                                                       |
| Build New SCL in Juneau              | \$5,600,000                                         |                              | \$14,105,656                                          |                                         | \$21.96 million                                       |
| Maintain Existing Lease for SCL      | \$40,000<br>(tenant improv)                         | \$511,428<br>(for ten years) | \$13,983,550                                          | \$5.6 million in ten years, for new SCL | \$22.4 million to \$24.2 million                      |

<sup>a</sup> FSL options include lease costs for the DW&WP's Wasilla staff.

Results from the economic analysis do not change with moderate changes in estimated building costs, operating and maintenance costs, interest rates, and other assumptions.

### CONCEPTUAL DESIGN SUMMARY

The conceptual design solution included in this report reflects the least-cost alternative: a consolidated Food Safety Laboratory / State Chemistry Laboratory in Palmer, Alaska. The conceptual design for the consolidated facility also incorporates other Department of Environmental Health programs currently located at the FSL facility including pesticides, animal industries and environmental sanitation. The conceptual design also includes the Drinking Water and Wastewater Program's Wasilla office.

The conceptual design is based on information and criteria gathered from interviews with program administrators and staff. Project goals and design goals have been defined and a conceptual design solution has been developed which will enhance the Division of Environmental Health's ability to provide cost effective and quality laboratory services, and provide the flexibility and adaptability necessary to respond to changes in laboratory programs and services.

Space requirements for a new consolidated FSL and SCL facility total approximately 18,400 net assignable square feet (31,000 gross square feet). Should the State decide to construct a new stand-alone FSL, it can expect approximately 11,500 net assignable square feet (20,000 gross square feet) would need to be constructed.



1. The first step in the process is to identify the problem or issue that needs to be addressed.

## Economic Analysis

## ECONOMIC ANALYSIS

### A. INTRODUCTION

The Alaska Department of Environmental Conservation Food Service Lab (FSL) has been at its present location in Palmer for almost thirty years. During that time, it has received only minor upgrades or renovation. The current building is barely suitable for FSL functions and does not meet modern operating standards or building codes. In addition, the present owner is actively trying to sell the building and additional lease extensions do not appear likely. For these reasons, the Alaska Department of Environmental Conservation (ADEC) has decided to relocate the FSL.

This economic analysis was completed to help determine where the new FSL should be located and what offices and staff should be housed at the new facility. The analysis covers three major issues related to the search for the new facility. Specifically, it determines:

- the cost effective location for the FSL;
- whether ADEC should own or lease the new facility; and
- whether the FSL should be consolidated with the State Chemistry Lab (SCL), which is currently located in Juneau.

The scope of the analysis is based on ADEC instructions that lease and build-to-own alternatives be considered in both Anchorage and Palmer for the new FSL; and three locations be considered for a consolidated FSL / SCL – Anchorage, Juneau, and Palmer. ADEC also requested that the scope of the analysis be expanded to determine whether it was cost-effective to locate Drinking Water and Wastewater Program (DW&WP) staff at the new FSL, or FSL / SCL, if the new facility is located in Palmer. DW&WP staff need to remain in the Mat-Su Valley. It would not be possible for them to move to the new facility if the facility were located in Anchorage or Juneau..

The analysis is presented in two separate sections below. The first section presents the analysis of the location and ownership alternatives for a new FSL. The second section presents the analysis of the consolidation alternatives. In the first section, the cost of accommodating DW&WP staff in the new facility is considered as a separate question at the end of the analysis. In the second section, the cost of including the DW&WP staff is considered through the entire analysis. The different treatment of DW&WP staff in the two sections is due to the relative ease of accommodating DW&WP staff in the larger, consolidated facility. Assumptions and cost estimates are varied as part of a separate sensitivity analysis. The final section summarizes the results and recommendations.

Both the location and ownership alternatives for a new FSL and the consolidation alternatives for a new FSL / SCL facility are analyzed using a cost-effective framework. In both analyses, the alternatives have the same benefits but different costs. The correct methodology for comparing alternatives that yield the same benefits but have different costs is a cost-effective analysis. (It may be important to note that the Request for Proposals and Scope of Work explicitly called for a cost-benefit analysis to address these questions. In this instance – where the only difference across alternatives is in cost – a cost-benefit analysis and cost-effective analysis are essentially the same.)



## **B. DETERMINE COST-EFFECTIVE LOCATION FOR FOOD SAFETY LAB**

This analysis compares the cost of leasing and remodeling a new space with the cost of building and owning a new FSL. The analysis also compares the costs of locating the new FSL in Palmer and in Anchorage. Other locations were not considered because of utility requirements, fire protection requirements, the need to have the lab in a central location, and other factors identified by Alaska Department of Environmental Conservation (ADEC) staff.

All four location and ownership options for the FSL would offer similar benefits, but would have different capital costs and operating and maintenance (O&M) costs. For example, the lab would be able to process the same number of samples and offer the same services to the public whether it was located in Anchorage or Palmer and whether it was in a space that was owned or leased by the state. Therefore, determining the cost-effective location for the FSL is a matter of comparing the costs of the different alternatives. Benefits can be left out of the analysis because they are effectively the same for each alternative.

Costs incorporated in the analysis include actual building and site development costs, lease costs (where appropriate), salaries, utilities, and other O&M costs. One-time expenses such as retraining costs associated with staff changes, land acquisition (where appropriate), and moving expenses are also included.

Preliminary design work suggests that a new FSL would need to be approximately 19,000 square feet (gross) if it is located in Anchorage and 20,000 square feet if it is located in Palmer. The additional square footage in Palmer is needed to accommodate the State Veterinarian and related staff, currently located in the FSL. If the new FSL were located in Anchorage, it would be necessary to lease approximately 1,000 square feet in the Mat-Su Valley for these individuals. (ADEC officials have indicated that these individuals should be located in the Valley.)

If ADEC were to lease space rather than build and own the new FSL, the leased facility would need to be at least 19,000 square feet if it is in Anchorage or 20,000 square feet if it is Palmer, and probably larger. The space would need to be larger because FSL functions would have to be made to fit into the actual footprint of the leased space, with inevitable inefficiencies in use of space. Additional assumptions regarding building space and other costs are described in the following subsections. For this analysis, it is assumed that the leased space would be 19,500 square feet if it is in Anchorage and 20,500 square feet if it is in Palmer.

### **Capital Costs**

As mentioned above, a building designed and built for ADEC would be 19,000 square feet if it is in Anchorage and 20,000 square feet if it is in Palmer. The cost per square foot would be \$286 if it is built in Palmer and \$292 if it is built in Anchorage. The actual cost per square foot for lab space is the same in both Anchorage and Palmer (\$320 per square foot) and for administrative space is the same in both Anchorage and Palmer (\$185 per square foot). However, the Palmer alternative includes 1,000 square feet more administrative space, so the average total cost per square foot is lower. Total building construction costs would be \$5,540,000 in Anchorage and \$5,725,000 in Palmer. Site development costs are taken to be \$505,000 in Palmer and \$865,000 in Anchorage.<sup>1</sup>

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<sup>1</sup> Estimations, Inc.

Total construction costs for the build-to-own alternatives include contingencies, design fees, and project administration. Total costs equal 1.45 times the sum of building construction costs and site development costs.

Remodeling expenses are estimated at \$236 per square foot, including site development costs.<sup>2</sup> The remodeling/lease alternatives would include limited administrative costs, permit fees, and design costs. These costs are assumed to be less than the administrative costs, contingencies, and other costs associated with the build-to-own alternatives. Therefore, the lease alternatives include a multiplier of 1.1, compared to the 1.45 multiplier used in the build-to-own alternatives.<sup>3</sup>

The new FSL would require approximately 2 acres of land. Siting criteria for land on which the FSL might be located must include full utility services, fire protection, office or light industrial zoning, and reasonable access for delivery of food samples to be tested. Kincaid and Riely, Appraisers and Real Estate Consultants, suggested that land meeting the criteria for the FSL could be obtained for \$0.75 per foot in Palmer and \$6.00 per foot in Anchorage. These costs cover light industrial and select office space sites in the respective locations.<sup>4</sup>

Table 1-1 summarizes the capital costs for the location and ownership alternatives for the FSL.

**Table 1-1: Summary of Capital Costs for Alternatives**

|                            | Square Feet | Building/Project Costs | Land Costs |
|----------------------------|-------------|------------------------|------------|
| Build New FSL in Palmer    | 20,000      | \$9,040,000            | \$65,340   |
| Lease New FSL in Palmer    | 20,500      | \$5,321,800            |            |
| Build New FSL in Anchorage | 19,000      | \$9,290,000            | \$522,720  |
| Lease New FSL in Anchorage | 19,500      | \$5,062,200            |            |

### Lease Costs

The lease alternatives would include ongoing lease costs. That is, leasing of space for a new FSL would require lease payments in addition to the remodeling costs of \$236 per foot. Kincaid and Riely suggested that lease costs under these conditions might be \$0.40 per square foot per month in Palmer and \$1.00 per square foot per month in Anchorage.

### Salary Costs

Several FSL staff members have stated that they would not continue to work at the FSL if it is relocated in Anchorage. An informal survey of the staff showed that as many as six individuals

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<sup>2</sup> Estimations, Inc.

<sup>3</sup> Livingston Slone, Inc.

<sup>4</sup> Kincaid and Riely



would look for alternative employment. This number does not include any of those who are retiring in the next 2 to 5 years and who would opt for early retirement rather than commute to Anchorage. The six individuals are administrative staff, technical support staff, and inspectors. Salaries have been adjusted in the analysis to reflect staff changes that would occur because of relocation. Salaries were not adjusted for retirements that are expected regardless of lab location.

Staff changes would affect salary costs in two ways. First, workers hired to replace those who leave the FSL would be hired at a lower step in any given salary range. According to Richard Barrett, Chief of Lab Services, most of the FSL workers have been in their positions for many years and are near the final step in their salary range. New workers would be hired at the first or second step. The average step savings would be \$350 per employee on a biweekly basis (the average difference in a Step B and a Step L for salary ranges 5 through 20). Second, the loss of experienced workers will require training for new employees and a temporary loss in productivity. Discussions with ADEC staff indicate that the retraining/productivity loss would be approximately \$10,000 per employee.

The retraining/productivity loss is a one-time cost. However, the step savings would result in additional, ongoing, related changes in salaries. Employees at lower step levels receive more frequent pay increases than do employees at higher step levels. To account for this fact in the analysis, salaries for newly hired employees are assumed to increase at 3 percent per year for the first 5 years, 2 percent the next five years, and 1 percent after that.<sup>5</sup> Employees at higher step levels are assumed to receive pay increases at 1 percent per year for the entire planning period. These increases reflect step and merit pay increases, as well as promotions. The increases are separate from cost-of-living adjustments or other changes related to inflation.

## Utilities

Utility costs are assumed to be the same across the four location and ownership options, except for costs of electricity and heat.

Electricity costs would be very similar across all options. Leased spaces that have been fully remodeled would have the same lab equipment and virtually the same heating, ventilation, and other mechanical systems as a built space. In addition, there is little, if any, difference in the price per kilowatt-hour charged by Chugach Electrical Association, Inc. (Chugach), and Municipal Light and Power (ML&P) in the Anchorage area and Matanuska Electric Association (MEA) in Palmer. MEA charges a lower rate to some of its small commercial customers than does Chugach. However, Chugach charges a lower rate to most of its larger customers. In general, the price per kilowatt-hour tends to be slightly higher in Palmer than in Anchorage. To capture this difference, consultants have assumed that electricity costs in Anchorage would be 97 percent of the costs in Palmer. Electricity costs are based on actual payments made by the lab in 1997.

Staff at the State of Alaska Department of Administration stated that heating costs for the FSL and SCL currently are paid by the building owner. Kincaid and Riely state that leases often include all utilities, with the exception of janitorial services. Leases to single occupants and special use tenants

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<sup>5</sup> The average increase from Step B to Step C and from Step C to Step D is 3%. Increases at higher steps are slightly less and occur less frequently. Therefore, salary increases for new hires are assumed to start at 3% per year and decline slowly to 1% per year.

may not include utilities. To be consistent with existing FSL and SCL leases, lease costs in this analysis are assumed to include heat, but not electricity. Therefore, heating expenses are added as an additional utility expense in the build-to-own alternatives. Heating costs are taken to be \$6,000 per year in the Anchorage area, or \$500 per month.<sup>6</sup>

### Other Costs

A building designed specifically for the FSL would give the optimal layout for lab spaces and allow the desired adjacencies between labs, offices, storage areas, mechanical rooms, and service areas. A leased building could be remodeled to give the desired mechanical equipment and meet acceptable design standards, but the arrangement would not be optimal. Discussions with staff at Livingston Slone, Inc., and other consulting team members suggest that utility costs would be similar for a leased space and a built space, but overall programmatic efficiency (e.g., cost of processing samples and overall staff productivity) should be higher in a space designed and built specifically for the FSL. This difference has been captured by assuming that total O&M costs would be 5 percent higher in a leased space than in a designed-and-built space. Other indicators of programmatic efficiency are not available.

Moving costs would be the same, regardless of whether the FSL is located in Palmer or Anchorage. Moving expenses for a local move are estimated to be \$14,000. This figure is based on actual expenses incurred by the SCL for a recent, local move in Juneau and telephone calls to moving companies. No premium would be charged for the distance between Anchorage and Palmer. Moving companies would consider both a local move, and costs would be based primarily on the hours it takes to load and unload the moving van. Table 1-2 summarizes the major one-time expenses associated with each alternative for the new FSL, and Table 1-3 summarizes the major operating expenses associated with each alternative. The values given in Table 1-3 are the cost for the first year only.

**Table 1-2: Summary of Major One-Time Expenses for Alternatives**

|                            | Training | Moving   |
|----------------------------|----------|----------|
| Build New FSL in Palmer    |          | \$14,000 |
| Lease New FSL in Palmer    |          | \$14,000 |
| Build New FSL in Anchorage | \$50,000 | \$14,000 |
| Lease New FSL in Anchorage | \$50,000 | \$14,000 |

<sup>6</sup> Estimations, Inc.



**Table 1-3: Summary of Major Operating Expenses for Alternatives**

|                            | Lease     | Salaries <sup>a</sup> | Utilities | Travel   | O&M Premium | Space for Vet |
|----------------------------|-----------|-----------------------|-----------|----------|-------------|---------------|
| Build New FSL in Palmer    |           | \$986,864             | \$24,000  | \$30,000 |             |               |
| Lease New FSL in Palmer    | \$96,000  | \$986,864             | \$18,000  | \$30,000 | \$50,493    |               |
| Build New FSL in Anchorage |           | \$941,364             | \$23,460  | \$29,000 |             | \$12,000      |
| Lease New FSL in Anchorage | \$240,000 | \$941,364             | \$17,460  | \$29,000 | \$48,191    | \$12,000      |

<sup>a</sup> Salary costs are based on salaries in 1997, with the changes described in this subsection. The figures in this table are for the first year of the planning period.

### Comparing Alternatives

Each alternative begins with a certain capital outlay and commits ADEC to a particular set of operating expenses and other costs. Ultimately, comparing the alternatives requires a comparison of different costs incurred at different points in time. This sort of comparison is accomplished by 1) calculating the total cost of each option for a set period of time, and 2) expressing the total cost in the same terms for each option. For example, the total cost of each option can be based on a 10-, 20-, or 50-year planning horizon and can be expressed in today's dollars or the dollars from some other year. Expressing the costs in today's dollars—the present value—is the same as determining how much money ADEC would need to be set aside today to cover the costs that will be incurred over the entire planning horizon.

The cost-effectiveness analysis in this report is based on a 20-year planning horizon, and total costs are expressed as present value amounts. The 20-year period covers the typical lease structure used by the State of Alaska Department of Administration, a 10-year lease with two 5-year optional extensions.<sup>7</sup> In addition, 20 years is a common planning horizon for many business decisions. It is long enough to amortize building costs, comparable with 20-year lease structures, and short enough to avoid complications with renovation expenses and unforeseen programmatic changes. It is also true that the present value of a cost incurred more than 20 years in the future is relatively small because of discounting. Extending the planning horizon beyond 20 years would not change the analysis appreciably.

<sup>7</sup> Walt Harvey, State of Alaska Department of Administration, personal communication, September 1998.

The consultants have assumed an interest rate of 5.5 percent for amortizing capital costs in the build-to-own alternatives and 10 percent in the lease alternatives. The lower rate in the build-to-own alternatives reflects the fact that project costs are fully loaded (no additional return or profit needs to be included in the interest rate) and assumes the state would be the developer or project manager. The higher rate in the lease alternatives reflects the fact that a private developer or property manager would be involved. Private interest rates are higher than public rates to reflect higher borrowing costs and include a return for risk.

The consultants also assume a social discount rate of 2 percent. This rate reflects the rate at which society discounts expenses that will not occur until some time in the future. For example, if a cost will not be incurred for 5 or 10 years, then the burden of that cost today can be discounted. Government entities typically use relatively low discount rates because of the need to give heavier weight to the interests of future generations. The discount rate is a real rate – meaning it is in addition to any consideration for inflation. The discount rate and interest rates are varied as part of the sensitivity analysis.

Table 1-4 provides a summary of present values for major expenses and total costs. For each alternative, building or renovation costs are repaid over a 10-year period; lease costs are assumed to continue for the entire 20-year planning period. Annual payments for the second through the tenth year are discounted at a real rate of 2 percent to determine the present value of building costs. Salaries and other annual expenses were calculated for twenty years and discounted at 2 percent to determine the present value of operating expenses. Other O&M expenses include utilities, maintenance, travel, and the cost of leasing additional space (where appropriate). These amounts were added to the one-time costs associated with the different options to determine the present value of total costs. Certain expenses, such as communication, vehicles, laundry, association dues, professional dues, and salaries for employees not directly related to the FSL and SCL were not included. Such omissions suggest that the numbers in the analysis are suitable for project ranking and comparison purposes only – they should not be used as program cost estimates. (All costs that might change depending on the alternative being considered are included in the analysis. Certain expenses that would remain unchanged were not included. Therefore, the total costs in Table 1-4 understate program costs.)



**Table 1-4: Present Value of Costs for 20-Year Planning Period**

|                                  | Building     | Land      | Salaries     | Other<br>O&M | Total        |
|----------------------------------|--------------|-----------|--------------|--------------|--------------|
| Build New<br>FSL in Palmer       | \$11,972,280 | \$65,340  | \$18,002,770 | \$998,029    | \$31,038,419 |
| Lease New<br>FSL in Palmer       | \$14,733,123 |           | \$18,002,770 | \$1,740,107  | \$35,749,171 |
| Build New<br>FSL in<br>Anchorage | \$12,303,372 | \$522,720 | \$17,654,199 | \$1,222,486  | \$31,702,777 |
| Lease New<br>FSL in<br>Anchorage | \$16,494,237 |           | \$17,654,199 | \$1,926,170  | \$37,423,818 |

The present values of total costs appear in the last column of Table 1-4. The cost of building a new lab is less than the cost of leasing and renovating an existing structure. However, the cost of building a new lab in Palmer is essentially the same as the cost of building a new lab in Anchorage. As shown in Table 1-4, the present values of the total costs for building a new lab in Palmer and for building a new lab in Anchorage differ by only 2 percent. Given the assumptions and uncertainties associated with the cost figures, this difference is not enough to justify a conclusion that one option is clearly preferred over the other. The figures in Table 1-4 suggest that the cost of remodeling and leasing space for a new FSL would be approximately 15 percent more than owning the space. This difference does not include the salvage value of state-owned space at the end of the planning period. If ADEC builds and owns the new FSL, it has value at the end of the 20-year planning horizon. The lab could remain in the facility or the facility could be sold to generate revenue. This value is not included in Table 1-4. Including this value would make the build-to-own alternatives less expensive and increase the savings of the build-to-own option relative to the lease option.

### **Drinking Water and Wastewater Program**

ADEC staff have expressed an interest in locating staff from the Drinking Water and Wastewater Program (DW&WP) at the new FSL, if it is located in the Mat-Su Valley. Preliminary design work suggests that the new FSL would need to be 2,000 square feet larger to accommodate DW&WP staff. The additional space would not include any lab space, but could still increase total project costs by as much as \$600,000. Given the low lease rate for office space in the Mat-Su Valley, it is unlikely that the benefits from incorporating the DW&WP staff into the new facility would justify the cost. The benefits would include lower utilities, shared administrative staff, shared vehicles, fewer maintenance/service calls from Anchorage (due to shared network and communication systems), and similar items. No attempt was made to quantify these savings because there was no information available on the actual number of vehicles that could be shared, administrative staff that could be shared, etc. In addition, savings such as more efficient management are difficult to

quantify. The consultants believe these savings would be significant, but probably not exceed \$600,000 over twenty years.

## **Conclusions**

The analysis shows that it would be less expensive for ADEC to build a new FSL than to lease and remodel a new space. Remodeling costs and lease payments are more expensive than expected building costs. This conclusion is reinforced by the following factors, which are not included in the cost figures presented in the analysis:

- If the state owns the facility, it could continue to use the facility beyond the 20-year planning horizon or sell the space to generate revenue. This value is not included in the analysis above and could be important since lab spaces tend to be occupied for long periods. If the existing FSL can serve as an example, the amount saved in foregone lease payments beyond the 20-year planning period could be substantial. The existing FSL has been in its current location for 30 years. If ADEC had owned that structure and repaid building costs in 10 years, ADEC would have saved 20 years worth of lease payments.
- Current lease rates are below building replacement cost, and the amount of vacant space in the Anchorage Bowl is declining. If the local economy remains strong in the near future, lease rates should be expected to increase.
- An appropriate facility may not be available for lease when ADEC decides to relocate the FSL. Acquiring and improving the next most desirable space might be more expensive or result in lower productivity relative to the cost figures shown in Table 1-3.
- A building designed and built for the FSL could be designed to accommodate possible programmatic or other changes—something that may not be possible with a leased space.
- The expected cost of building a larger FSL to accommodate DW&WP staff would exceed the cost of leasing space for these staff. It is not clear whether administrative and managerial benefits associated with locating DW&WP staff at the new FSL would offset the higher building costs.

It also appears that there is no significant cost difference if the new FSL is constructed in Palmer or Anchorage. The higher site preparation costs in Anchorage are offset somewhat by near-term salary reductions and slightly lower utility expenses. The only significant difference between these two options is the lower initial capital requirements associated with locating the FSL in Palmer. Lower site preparation costs and land costs suggest that capital costs would be almost \$700,000 less in Palmer than in Anchorage. Table 1-5 shows a ranking of the four ownership and location alternatives.



**Table 1-5: Location and Ownership Alternatives Ranked by Cost**

|                |                            | Approximate Cost            |
|----------------|----------------------------|-----------------------------|
| #1: Least Cost | Build New FSL in Palmer    | \$31.0 million <sup>a</sup> |
| #1: Least Cost | Build New FSL in Anchorage | \$31.7 million <sup>a</sup> |
|                |                            |                             |
| #3: High Cost  | Lease New FSL in Palmer    | \$35.7 million              |
| #4: High Cost  | Lease New FSL in Anchorage | \$37.4 million              |

<sup>a</sup> These two numbers are considered equal in this analysis.

### C. COST-EFFECTIVENESS ANALYSIS FOR POSSIBLE CONSOLIDATION

This analysis addresses the question of whether to consolidate the FSL and SCL, and if so, where the new facility should be located. The location alternatives considered in this analysis are state-owned facilities in Palmer, Anchorage, and Juneau. It does not consider leased spaces. This focus on ownership is based on the results of the analysis described in Section B, which shows that ownership is more cost-effective than leasing.

Whether or not it is cost-effective to consolidate the FSL and SCL depends on the cost of maintaining separate labs. Therefore, this section also includes a review of the cost of maintaining the current lease for the SCL and estimates the cost of building a new SCL in Juneau. The low cost alternative for the SCL is then added to the low cost alternative for the FSL, and this sum is compared to the cost of a consolidated FSL / SCL in Anchorage, Palmer, and Juneau.

The costs included in the analysis are the same as the costs described in the analysis for the FSL, plus a few expenses unique to Juneau. These other expenses include the costs of meeting the need to install a backup electric generator in the existing SCL and the need to convert lab equipment from 208 volts to 220/240 volts or purchase new equipment if the SCL is relocated in Palmer or Anchorage.

Another difference between this analysis and the one for the new FSL is the treatment of space for DW&WP staff. In Section B, the cost of accommodating DW&WP staff at a new FSL was added at the end of the analysis. In this case, the cost of accommodating DW&WP staff is included through the entire analysis. This change is supported by the fact that the larger, consolidated FSL / SCL allows economies of scale that make it easier to include DW&WP staff in the new facility.

Preliminary design work for a consolidated facility indicates that such a facility would need to be approximately 31,000 square feet if it is in Palmer, and 29,000 square feet if it is in Anchorage or Juneau.<sup>8</sup> The difference in square footage is attributable to the small number of staff (specifically

<sup>8</sup> Livingston Slone, Inc.

those employed in the Drinking Water and Wastewater Program now located in Wasilla and with the State Veterinarian now located in the FSL) that would need to remain in the Mat-Su Valley if the facility is located in Anchorage or Juneau. A consolidated facility in Palmer is expected to have a cost of \$286 per square foot. If the facility were in Anchorage, the cost would increase to \$293 per square foot because of the higher concentration of lab space relative to administrative space in this alternative (since DW&WP and State Veterinarian offices are not included). If the facility were in Juneau, the cost would increase to \$308. This increase is based on the assumption that construction costs are 5% higher in Juneau than in Anchorage.<sup>9</sup>

It is assumed that building a consolidated FSL / SCL would require the acquisition of 3 acres.<sup>10</sup> Land costs are taken to be \$10 per foot in Juneau.<sup>11</sup> Land costs are assumed to be \$0.75 per foot in Palmer and \$6 per foot in Anchorage – the same as in Section B.

### Maintaining Separate Labs

The lease for the current SCL expires in 10 years and a new space will be needed at that time. Alternatively, the new space could be acquired now. It is assumed that a new SCL would be 11,100 square feet and would require the acquisition of one acre of land. In addition, project costs (building costs and site development) would be 5 percent higher in Juneau than in Anchorage.<sup>12</sup> Based on these assumptions, capital costs for separate labs would be as shown in Table 1-6.

The cost of a new FSL is based on the Palmer alternative because it was the low-cost alternative in Section B.

**Table 1-6: Summary of Capital Costs for Separate FSL and SCL**

|                                 | Square Feet | Building/Project Costs | Land Costs |
|---------------------------------|-------------|------------------------|------------|
| Build New FSL in Palmer         | 20,000      | \$9,040,000            | \$65,340   |
|                                 |             |                        |            |
| Maintain Existing Lease for SCL |             | \$40,000 <sup>a</sup>  |            |
| Build New SCL in Juneau         | 11,100      | \$5,600,000            | \$435,600  |

<sup>a</sup> This expense is for a backup electric generator.

Operating expenses for the SCL alternatives are based on actual expenses and ADEC budget figures. Annual maintenance costs are estimated to be \$5,000 for the FSL in Palmer and \$10,000 for

<sup>9</sup> Livingston Slone, Inc. and Estimations, Inc.

<sup>10</sup> Livingston Slone, Inc.

<sup>11</sup> Kincaid and Riely

<sup>12</sup> Livingston Slone, Inc. and Estimations, Inc.



the SCL in Juneau.<sup>13</sup> The cost of electricity for the existing SCL is approximately \$34,300 per year. This figure is based on actual expenditures in 1997 and accounts for the extra space in the SCL building, now occupied by Alaska Department of Fish and Game. If ADEC maintains the existing lease, there are no heating costs. However, if ADEC were to build and own a new SCL, heating costs would be approximately \$9,000 per year.<sup>14</sup> In addition, building a new SCL would result in moving expenses of approximately \$12,000. This cost is based on expenses incurred during the last move and conversations with moving companies.

As the cost of the consolidated facilities will include the cost of space for DW&WP staff, the same cost should be added to the cost of maintaining separate labs. That is, \$24,000 is added to the operating cost of the new FSL in Palmer to account for the cost of leasing 2,000 square feet for DW&WP staff. The costs explained in Section B for the new FSL include all costs (including space for State Veterinarian offices) except space for DW&WP staff.

Table 1-7 summarizes the major operating expenses for separate facilities.

**Table 1-7: Summary of Major Operating Expenses for Separate Labs**

|                                           | Lease     | Salaries <sup>a</sup> | Utilities | Travel   | Maint.   | Space for DW&WP |
|-------------------------------------------|-----------|-----------------------|-----------|----------|----------|-----------------|
| New FSL in Palmer                         |           | \$986,864             | \$24,000  | \$30,000 | \$5,000  | \$24,000        |
|                                           |           |                       |           |          |          |                 |
| Maintain Existing Lease for SCL in Juneau | \$511,428 | \$712,875             | \$34,300  | \$12,000 | \$10,000 |                 |
| Build New SCL in Juneau                   |           | \$712,875             | \$43,300  | \$12,000 | \$10,000 |                 |

### **A Consolidated FSL / SCL**

The 31,000 square foot facility in Palmer is large enough to accommodate DW&WP staff as well as staff associated with the State Veterinarian. The 29,000 square foot facilities in Anchorage and Juneau do not include space for these employees. To be consistent, it is assumed that extra space would need to be leased in the Mat-Su Valley if the consolidated FSL / SCL is located in Anchorage or Juneau. This cost is shown as an operating cost for these two alternatives rather than a capital cost.

Table 1-8 shows the capital cost requirements for the consolidated lab alternatives.

<sup>13</sup> These figures are based on a minor repair and maintenance budget of \$20,000 in Fiscal Year 1998 and \$15,000 in Fiscal Year 1999 (for ADEC Laboratory Services).

<sup>14</sup> Livingston Slone, Inc.

**Table 1-8: Summary of Capital Costs for Consolidated Facilities**

|                                            | Square Feet | Building/Project Costs | Land Costs  |
|--------------------------------------------|-------------|------------------------|-------------|
| Build New FSL / SCL in Palmer <sup>a</sup> | 31,000      | \$13,890,000           | \$98,010    |
| Build New FSL / SCL in Anchorage           | 29,000      | \$13,860,000           | \$784,080   |
| Build New FSL / SCL in Juneau              | 29,000      | \$14,550,000           | \$1,306,800 |

<sup>a</sup> This facility includes space for DW&WP and State Veterinarian offices, the other two alternatives do not.

### Salary Costs

An informal survey of staff in the Juneau SCL shows that three current employees would remain in Juneau if the SCL is relocated in Palmer or Anchorage. As mentioned in Section B above, at least five of the current staff at the FSL would not relocate to Anchorage. As a result, salary costs in the first year of the planning horizon include one-time training costs of \$30,000 higher if the labs are consolidated in Palmer and \$80,000 if the labs are consolidated in Anchorage. These training costs capture the actual training costs and lost productivity associated with staff replacements. At the same time, salaries costs are lower in these alternatives since departing staff are near the top of their salary range and new staff would be hired at a lower step. These salary cost savings are explained in more detail in Section B above.

Salary costs for a consolidated FSL / SCL in Juneau are more difficult to estimate. In the informal survey of FSL staff, virtually all staff said they would not relocate to Juneau. Replacing most of the staff could potentially lower salary costs significantly since new employees would be hired at a low step in any given salary range. However, the applicant pool in Juneau may not be sufficient to fill all positions necessary. Past experience in filling a Chemist II position in Juneau illustrates the potential problems in this area and suggests that training costs would be quite high and/or productivity would suffer. Therefore, salary costs for this alternative are adjusted in two ways. First, it is assumed that 20 employees would be replaced and that new employees would be hired at a much lower step. As in part B above, the starting salary for new employees is assumed to be \$350 less on a biweekly basis. Second, training costs and productivity losses are captured by adding back a portion of the salary costs. The training cost and productivity loss premium is 10 percent of salary costs for the first five years, 5 percent of salary costs for the next five years, and then zero for the remainder of the planning period.

### Maintenance Costs

Maintenance costs are assumed to be \$10,000 for a consolidated facility if the facility is in Anchorage or Palmer. Many repairs to equipment in the FSL are made by chemists and other staff, with guidance provided over the telephone by the maintenance staff in Juneau. If the FSL and SCL were located together, repairs could be made by the maintenance staff, and other workers could devote their time exclusively to the jobs for which they were hired. It is expected that these changes would result in either lower maintenance costs or increased productivity. No such savings are assumed if the labs are consolidated in Juneau. Maintenance costs for a consolidated facility in



Juneau are assumed to be the same as in the past for both labs, plus a 10 percent premium for FSL maintenance costs. This premium is added to cover weather related delays in maintenance activities (e.g., delays in bringing in technicians), additional problems related to more frequent power outages, and other factors that do not currently affect FSL maintenance costs.

### **Moving Expenses**

Moving expenses estimated at \$29,000 if the labs are consolidated in Juneau - \$12,000 for a local move and \$17,000 to move the FSL from Palmer to Juneau. If the labs are consolidated in Palmer or Anchorage, then moving expenses are estimated at \$27,000. The additional cost for relocating a lab between Southeast and Southcentral is because moving companies could charge up to \$1.00 per pound for this portion of the move. The consultants assume it would be more expensive to move the FSL to Juneau than to move the SCL to Anchorage / Palmer because the FSL has more furniture, files, and equipment (i.e., more weight) than the SCL.

### **Utilities and Related Equipment Costs**

Utility costs are considerably higher in Juneau than in either Palmer or Anchorage, with higher electricity costs and most heating by fuel oil rather than natural gas.

If the labs are consolidated in Palmer or Anchorage, then electricity and heat are expected to be 1.5 times the amount for the FSL alone. This figure is based on the fact that adding the SCL to the FSL would add approximately 50 percent to the building area. If the labs are consolidated in Juneau, then electricity and heat are expected to be 2.5 times the amount for the SCL alone. (A consolidated FSL / SCL facility would be approximately 2.5 times as large as a separate SCL.) Janitorial and other utility costs are not included in the analysis since data were not available to estimate the costs and expenses for these items vary significantly in all locations.

In addition, consolidating the labs in Anchorage or Palmer also requires \$18,300 to convert SCL equipment to 220/240 volts or replace equipment that cannot be converted.

### **Other Costs**

Finally, consolidating the labs in Anchorage or Juneau has the added cost of a lease for space in the Mat-Su Valley. This space is necessary for the staff that are currently in the Mat-Su Valley and who would not be relocated to Anchorage or Juneau. These staff would require approximately 3,000 square feet of office space, at a rate of \$1 per foot per month. Including these same employees and functions in the consolidated FSL / SCL in Palmer would add only 2,000 square feet to the facility due to shared administrative staff, space efficiencies, and other economies of scale.

Table 1-8 provides a summary of the major one-time costs associated with each alternative. Table 1-9 provides a summary of the major annual operating expenses. Figures given for annual costs such as lease costs, salaries, and utilities are the costs expected for the first year of the planning period. Travel costs for SCL activities are reduced by 15 percent if the lab is relocated in Anchorage or Palmer, and travel costs for FSL activities are increased by 10 percent if the FSL is relocated in Juneau. These adjustments reflect the difference in the cost of travel from Juneau compared to Anchorage and the types of trips taken.

**Table 1-8: Summary of Major One-Time Expenses for Consolidated Facilities**

|                                  | Training | Moving   | Equipment |
|----------------------------------|----------|----------|-----------|
| Build New FSL / SCL in Palmer    | \$30,000 | \$27,000 | \$18,300  |
| Build New FSL / SCL in Anchorage | \$80,000 | \$27,000 | \$18,300  |
| Build New FSL / SCL in Juneau    |          | \$29,000 |           |

Note: No training costs are added to the Juneau consolidation alternative, but salary costs are modified to reflect size of applicant pool and other factors.

**Table 1-9: Summary of Major Operating Expenses for Consolidated Facilities**

|                                  | Salaries <sup>a</sup> | Utilities | Travel   | Space for DW&WP and Vet | Maint.   |
|----------------------------------|-----------------------|-----------|----------|-------------------------|----------|
| Build New FSL / SCL in Palmer    | \$1,592,439           | \$36,000  | \$40,000 |                         | \$10,000 |
| Build New FSL / SCL in Anchorage | \$1,546,939           | \$35,190  | \$39,000 | \$36,000                | \$10,000 |
| Build New FSL / SCL in Juneau    | \$1,392,239           | \$108,250 | \$45,000 | \$36,000                | \$15,500 |

<sup>a</sup> Salary costs are based on salaries in 1997, with adjustments made for staff replacement. The figures in this table are for the first year of the planning period.

## Comparing Alternatives

Determining whether it is more cost-effective to maintain the FSL and SCL in separate locations or combine the two labs requires a comparison of different costs that occur at different points in time. The most direct way to make the determination is to compare the present values of each option for a specified planning period—this methodology is described in more detail in sections A and B.

As in the analysis for the FSL, the analysis to determine whether the labs should be consolidated is based on a 20-year planning horizon. Building and remodeling costs are assumed to be repaid in 10 years. Private development costs are not an issue in this analysis since the alternatives considered include state owned facilities and the current SCL lease.

Table 1-10 presents a summary of the costs for each alternative (for both separate labs and consolidated labs), by major category and total cost. Figures shown are the present value of costs incurred over the 20-year planning period, based on a discount rate of 2 percent. Building costs shown in Table 1-10 include the cost of new construction or lease costs, depending on the alternative. Other O&M costs in the table include costs associated with staff changes, the cost of additional space in the Mat-Su Valley (where appropriate), travel costs, and other costs identified in



Section B. As with Table 1-4, the figures in Table 1-10 are for project ranking and comparison purposes only. They are not estimates of program expenses.

**Table 1-10: Present Value of Costs for 20-Year Planning Period**

|                                           | Building     | Land        | Salaries     | Other O&M                | Total                     |
|-------------------------------------------|--------------|-------------|--------------|--------------------------|---------------------------|
| <b>Separate Labs:</b>                     |              |             |              |                          |                           |
| New FSL in Palmer                         | \$11,972,280 | \$65,340    | \$18,002,770 | \$1,398,312 <sup>a</sup> | \$31,438,702 <sup>a</sup> |
|                                           |              |             |              |                          |                           |
| Maintain Existing Lease for SCL in Juneau | \$10,239,239 | \$0         | \$13,004,553 | \$978,997                | \$24,222,789              |
| Build New SCL in Juneau                   | \$7,416,457  | \$435,600   | \$13,004,553 | \$1,101,104              | \$21,957,713              |
|                                           |              |             |              |                          |                           |
| <b>Consolidated Facility:</b>             |              |             |              |                          |                           |
| Build New FSL / SCL in Palmer             | \$18,395,462 | \$98,010    | \$29,340,527 | \$1,509,648              | \$49,343,646              |
| Build New FSL / SCL in Anchorage          | \$18,355,730 | \$784,080   | \$28,978,994 | \$2,129,884              | \$50,248,689              |
| Build New FSL / SCL in Juneau             | \$19,269,544 | \$1,306,800 | \$28,190,159 | \$3,468,915              | \$52,235,418              |

<sup>a</sup> These numbers are larger than the numbers shown in Table 1-4 since they include leased space for DW&WP staff, to allow comparison of separate and consolidated labs.

## Discussion

The least-cost alternative for consolidating the two labs would be to combine them in Palmer, at a cost of approximately \$49.3 million for the 20-year construction scenario. However, the cost of this alternative is only 2 percent lower than the cost of consolidating the labs in Anchorage. Due to the nature of the assumptions and degree of uncertainty in the analysis, these two alternatives should be viewed as having the same total cost. At the same time, the least-cost alternative for maintaining separate labs would be to have the FSL in either Palmer or Anchorage (again, these figures are considered to be the same because of the underlying assumptions and uncertainties) and to build a new SCL in Juneau. The present value of the costs associated with these two separate labs over a 20-year period would be approximately \$53.3 million. These figures suggest that the amount

ADEC would save over a 20-year period by consolidating the labs in Palmer is equivalent to \$4 million today.

Consolidating the labs in Palmer has a slightly lower present value than consolidating the labs in Anchorage, primarily because of the need to lease additional space in the Mat-Su Valley if the facility is in Anchorage. This space would be needed for ADEC staff that remain in the Mat-Su Valley. If the labs are in Palmer, then all ADEC staff can be in the same facility. However, consolidating the labs in Palmer or Anchorage has a lower present value than consolidating the labs in Juneau. The Juneau alternative is the most expensive alternative due to higher building costs, higher utility costs, and the need to lease additional space in the Mat-Su Valley. These higher costs in Juneau more than offset potential salary cost savings (associated with replacing a significant number of FSL employees at a lower step).

If the FSL and SCL are maintained as separate labs, building a new SCL in Juneau is less expensive than maintaining the existing lease because of the price of the current lease. The current lease for the SCL space is \$42,619 per month, or \$511,428 per year. If ADEC were to build a new facility for \$5.6, the payments to retire the debt in 10 years at 5.5 percent would be roughly \$750,000 per year. The difference comes in the fact that the lease must be paid for ten more years, and then ADEC must incur the expense of obtaining a new facility. That is, maintaining the current lease commits ADEC to annual payments for the entire planning period. Building and owning a new SCL would commit ADEC to annual payments for only ten years – the payments are slightly higher, but they last half as long as if the current lease is extended.

The figures in Table 1-10 assume that the current lease for the SCL could be extended for 10 more years (exercising two 5-year extension options). At that time, ADEC would have to construct a new facility. This new facility would have valuable life at the end of the 20-year planning horizon, and that value has not been factored into the analysis. If half of the project cost is added at the end of the planning period to capture this value, then the total cost of this option falls from \$24.2 million to \$22.4 million. The amount added back has been discounted because it is a value that would not be realized for 20 years. Even with this value added back, it is still more expensive to maintain the existing lab than to construct a new space. Ultimately, if the present value of building and operating a new, consolidated facility in Palmer is compared to the present value of building a new FSL in Palmer and maintaining the existing SCL, then the savings with consolidation would be \$4.5 - \$6.5 million.

### **Cost-Benefit Analysis for Consolidation**

One approach to determine whether it is cost-effective to consolidate the FSL and SCL is to compare the total capital costs with anticipated savings associated with consolidation. (If the cost savings are viewed as benefits, then this approach is a form of cost-benefit analysis.) This approach treats capital costs as if all costs are due at the beginning of the project. Undiscounted capital costs are then compared to the present value of lower O&M costs and other project benefits expected during the planning period. Analyzing the consolidation option in this manner shows that consolidation generates positive net benefits. This result is based on two factors. First, it would be cheaper to build a single consolidated facility than to build two separate labs (or build a new FSL and maintain the current lease for the SCL). Second, it would cost less to operate the consolidated facility than it would to operate separate labs in Palmer and Juneau.



The total initial capital requirements for a consolidated lab in Palmer would be approximately \$14 million (initial project costs and land costs). The total initial capital requirements for the low-cost alternative to maintain separate labs would be approximately \$15.1 million. In addition, the present value of the cost of operating the consolidated lab would be approximately \$2.66 million less than the present value of the cost of operating separate labs. That is, the capital cost of \$14 million can be compared to lower operating costs and avoided capital costs of \$17.8 million. If these costs savings are viewed as benefits, then consolidating the labs in Palmer generates \$3.8 million in positive net benefits. Table 1-11 summarizes the comparison of initial capital costs and total operating expenses for separate labs and a consolidated FSL / SCL.

**Table 1-11: Cost Comparison for Separate and Consolidated Labs**

|                               | Initial Requirements for<br>Building and Land | Present Value of Operating<br>Expenses (over 20 years) |
|-------------------------------|-----------------------------------------------|--------------------------------------------------------|
| Separate Labs                 | \$15.1 million                                | \$33.51 million                                        |
| Consolidated Lab              | \$14.0 million <sup>a</sup>                   | \$30.85 million <sup>a</sup>                           |
|                               |                                               |                                                        |
| Savings with<br>Consolidation | \$1.1 million                                 | \$2.66 million                                         |

<sup>a</sup> These figures are for the Palmer alternative since it is the low-cost alternative.

## D. SENSITIVITY ANALYSIS

The results shown in Table 1-10 and Table 1-11 do not change if the interest rates in the analysis are varied from 4 percent to 15 percent (so long as the public rate is not higher than the private rate) or if the discount rate is varied from 2 percent to 10 percent. In addition, the results do not change with moderate changes in the basic assumptions about maintenance costs, utilities, travel costs, and moving expenses. The critical factors are assumptions about salary costs. In particular, assumptions about cost savings associated with hiring new workers and the rate of salary increases at different step levels.

Consolidating the labs in Anchorage becomes the least-cost alternative if the number of employees that will not relocate to Anchorage is increased by more than 50 percent and the savings associated with replacing these workers is increased by at least 45 percent. For example, Anchorage becomes the least-cost alternative if the number of workers that must be replaced in this alternative is increased from eight to thirteen (the figures in Table 1-10 assume eight workers must be replaced — three that would not relocate from Juneau and five that would not relocate from Palmer); and hiring new employees at lower step levels is expected to save an average of \$13,000 or more per employee in the first year — \$500 or more per employee on a biweekly basis. With these assumptions, the salary cost savings more than offset the higher site development costs and extra lease cost for Mat-Su Valley staff associated with the Anchorage alternative. It may be important to note, however, that these assumptions do not lower the cost of the Anchorage alternative enough to make it significantly less expensive. The cost of the Palmer and Anchorage alternatives are still effectively

the same. In addition, the assumptions would only be valid if all employees that refuse to relocate to Anchorage are at the highest possible step (Step M) in a high salary range (Range 16 or higher) and all new employees are hired at Step A in the same range or a moderate step in a lower range. Because several of the employees who said they would not relocate are administrative clerks and lab technicians, this assumption is not considered valid. As described in sections B and C, the savings is estimated to be roughly \$9,100 per employee in the first year - \$350 per employee on a biweekly basis.

One possible factor that needs to be considered is the availability of public lands. If land costs are subtracted from any or all of the alternatives, the relative ranking of project alternatives remains unchanged. The cost difference between the consolidation alternatives is reduced slightly, but Palmer remains the low-cost alternative and Juneau the high-cost alternative. Land costs do not make up a large enough portion of total costs for the availability of public land to change the results.

Another factor that needs to be considered is the high cost estimates for remodeling and administrative office space. Kincaid and Riely, Inc. has noted that the estimates used in the analysis might be higher than average. Lowering these estimates by 10 percent does not affect the results of the analysis. In fact, lowering the cost of administrative office space makes the consolidated facility in Palmer relative less expensive. This result is due to the higher concentration of administrative office space in the Palmer alternative relative to the Anchorage and Juneau alternatives.

## **E. CONCLUSIONS AND RECOMMENDATIONS**

Comparing different location and ownership alternatives for both the FSL and SCL shows that:

- Consolidating the FSL and SCL is the most cost-effective strategy.
- Owning the lab(s) is more cost-effective than leasing, based on typical lease costs.
- The cost of consolidating the labs in Palmer is potentially lower than the cost of consolidating the labs in Anchorage, based on expected costs.
- If the FSL and SCL are maintained as separate facilities, then the most cost-effective strategy is for ADEC to own the labs. The FSL can be in either Anchorage or Palmer—neither option offers an obvious cost advantage.

These conclusions do not change with changes to the basic cost estimates, interest/discount rates, or underlying assumptions. In addition, the conclusions are reinforced by the fact that consolidation could result in efficiencies not captured in this analysis. Potential benefits of relocating the SCL to Palmer or Anchorage increased compliance and sampling frequency for the SCL, increased use of the SCL by other entities with a more centrally located SCL, and improved productivity with shared maintenance and support staff. In addition, no attempt was made to quantify the benefits that might arise from a lab structure that is easier to manage. The consultants asked ADEC for input on these values, but were unable to determine a suitable dollar figure. However, as noted, all of these savings would reinforce the conclusion that consolidation is the preferred approach.



The numbers used in the analysis do not demonstrate that consolidating the labs in Palmer would be significantly cheaper than consolidating the labs in Anchorage. However, building a new FSL / SCL in Palmer has a lower initial capital requirement and offers additional benefits not captured in the analysis. It is possible that having FSL, SCL, DW&WP, and State Veterinarian offices in one facility would facilitate or improve communication between staff in these offices and other ADEC offices. In addition, having these offices in one facility could improve management, computer networking, and other factors.

Consolidating the FSL and SCL in Juneau does appear to be more expensive than consolidating the labs in Palmer or Anchorage. In addition, locating the FSL in Juneau may result in costs not captured in the analysis. Delays in shipping samples to the FSL if it is located in Juneau could significantly increase operating costs. No data were available on such costs. However, ADEC staff noted that food samples must be tested within a short period of time – weather related delays and longer shipping distance would be problematic.

A striking feature in the analysis is the cost of the current lease for the SCL in Juneau. Compared with the cost of new construction, the price of this lease is quite high. The high cost of the lease invites questions about whether the lease should be extended at all —regardless of whether the SCL is consolidated with the FSL. Moreover, attempts to quantify sampling costs for the labs revealed relatively low sampling levels and high O&M costs for the SCL. A cost-benefit analysis for the SCL could be conducted to determine whether the SCL generates positive net benefits for the DEC or whether the costs associated with the lab exceed the benefits. This analysis was not part of the RFP and is beyond the scope of this report. Nevertheless, DEC may wish to investigate this issue.

**Conceptual Design**



## **CONCEPTUAL DESIGN**

### **A. INTRODUCTION**

The following conceptual design reflects the least-cost alternative generated from the economic analysis in the previous section of this report. The following space requirements, conceptual design solution and cost estimates are for a consolidated Food Safety Laboratory / State Chemistry Laboratory in Palmer, Alaska. The proposed consolidated facility also incorporates other Department of Environmental Health programs currently located at the Palmer facility including pesticides, animal industries, and environmental sanitation and food safety. The consolidated project also includes the Drinking Water and Wastewater Program's Wasilla office. The conceptual design has been developed based on information and criteria gathered from interviews with program administrators and staff. In the next phase of design, a detailed Facility Program should be developed which documents specific room criteria. Additionally, the concept design will need to be modified to fit the selected site.

### **B. EXISTING FACILITIES OVERVIEW**

#### **Food Safety Laboratory**

The Food Safety Laboratory (FSL) is located in a converted B&B grocery store in Palmer Alaska. The FSL has been in this location for 30 years. The building is currently up for sale and the FSL is on a month to month lease.

The building lacks the basic building infrastructure required for a lab such as adequate ventilation, room pressurization, adequate power and electrical systems, fire protection, and security. The FSL has only been able to continue laboratory operations in this facility because of the dedication and creativity of its staff. The physical condition of the building inhibits safe laboratory protocols, and the ability for the ADEC to meet federal laboratory standards required by EPA, USDA and FDA. In addition, aisle widths are inadequate, finishes are deteriorating, and hallways are used for storage. Labs are severely overcrowded and the building's configuration prevents the proper flow of people, laboratory samples, materials, chemicals, etc. The facility is well beyond its useful life as a laboratory.

#### **State Chemistry Laboratory**

The State Chemistry Laboratory (SCL) is located in a newer building than the FSL. Constructed in 1990-91 to accommodate the SCL, the SCL has sufficient square footage in most areas and some labs are currently underutilized. The only areas experiencing overcrowding are storage areas and the conference room. Existing room adjacencies work fairly well and lab benches and equipment

are in good condition. Interior finishes are new and clean and lighting levels are good. A fire protection system is provided as well as a security system.

Unfortunately, HVAC systems designed to accommodate the labs have not functioned well over the years. Most of these problems have been addressed in a recent remodel, in which the SCL gave up the first floor to the Fish and Game to save costs. The existing building has also experienced some serious roof leaks, and electrical service is not very reliable.

The State Chemistry laboratories, while adequate in overall size, were not designed using a laboratory planning module and room dimensions are inadequate in some cases. As a result, access to the back sides of diagnostic and analytical equipment is difficult, location of fume hoods within labs is sometimes awkward, and work areas and computer areas within labs are not efficiently laid out.

Although lab staff spend a significant amount of time in the labs, they also have the need for office work stations. Currently lab staff must use their lab benches or the conference room for paper work and other administrative tasks. The existing conference room is accommodating far too many activities for its size. It functions as office space, meeting space, training center, library, and lunchroom.

### **Drinking Water and Wastewater Program's Wasilla Office**

The Drinking Water and Wastewater Program's (DW&WP) Wasilla Office is located just off the Knik-Goose Bay Road in Wasilla, Alaska. This department of the ADEC occupies approximately 1200 net square feet and consists of four private offices, reception/technicians work area, a public/entry area, file storage and general storage.

Of all the programs proposed for the new consolidated facility, the DW&WP office sees the most walk-in traffic, approximately 15-25 people per day. Visitors come to view or pick up copies of well and septic documents and plans. The DW&WP office is the repository for all well water and septic documents for the Mat-Su Valley. Existing storage space, which consists of documents/file storage, and general storage, are both overcrowded.



### **C. NEW FACILITY SPACE REQUIREMENTS**

At the beginning of the Feasibility Study, Livingston Slone and our laboratory consultant, McLellan and Copenhagen, participated in a tour of each facility and interviews with key representatives from the Food Safety Laboratory, Animal Industries, State Chemistry Laboratory and the Drinking Water and Wastewater Program's Wasilla Office. During these interviews LSI worked closely with Chief of Laboratory Services, Richard Barrett and his staff to determine the space requirements for a new consolidated laboratory services facility.

The total existing square footage of all the programs to be housed in the new facility is approximately 15,500 net square feet. The projected net square footage for these same activities in a new facility is 18,400 net square feet. This is only an 18% increase. Additional growth is mitigated by the consolidation and sharing of common lab and administration areas.

The projected space requirements for the consolidated laboratory project include the following Department of Environmental Health programs.

#### **Food Safety Laboratory (and other DEH programs currently in Palmer) (FSL)**

The space requirements for these state programs include all activities currently located at the existing facility in Palmer including food safety laboratory and pesticides services, environmental sanitation and food safety, animal industries, PSP/microbiology, chemistry and the drinking water analytical lab program. This component includes laboratory, lab support and administrative spaces. The projected net square feet for these activities is approximately 35% greater than existing. This increase is necessary to relieve existing overcrowded conditions and to meet current federal standards and industry accepted laboratory standards of practice.

#### **State Chemistry Laboratory (SCL)**

The space requirements for these state programs include all activities currently located at the existing facility in Juneau including organic and inorganic analysis teams, and quality assurance manager. This component includes laboratory, lab support and administrative spaces. With the application of a more efficient lab planning module, and sharing lab support spaces with the FSL, the projected space requirements result in a decrease of approximately 15% net assignable square feet over the existing Juneau facility.

#### **Drinking Water and Wastewater Program's Wasilla Office (DW&WP)**

The space requirements for these state programs include all activities currently located at the existing facility in Wasilla. This component includes administrative spaces only. The space requirements for these activities are approximately 15% greater than the existing Wasilla office. This increase is necessary to relieve existing overcrowded well and wastewater files storage.

The following *Space Requirements Summary* is organized into Microbiology and Chemistry Laboratories, Lab Support Areas and Administration.

### **Microbiology and Chemistry Laboratories**

The space requirements for the microbiology and chemistry labs have been developed based on a *laboratory planning module concept*. The laboratory module is the basic building block for laboratory buildings. A lab module is a volume of space containing all the standard requirements to support a lab operation including workbenches, wet and dry services, lighting, electrical and HVAC services. In laboratory planning and building design this module is repeated as many times as needed to accommodate the laboratory space requirements. The laboratory module proposed for this project is 10'-6" x 24'-0" and is based on our interviews with lab staff and observations of existing lab activities, lab equipment needs and laboratory equipment access requirements. Each lab module equals 252 net square feet.

### **Lab Support Areas**

Laboratory Support Areas are those areas that house activities that support the microbiology and chemistry laboratories and should be located in the lab area. As such, the space requirements for the laboratory support areas have been developed using the laboratory planning module.

While the microbiology and chemistry laboratories are discrete labs (identified on the following summary as FSL or SCL), many of the laboratory support areas can be shared and efficiencies gained. The consolidation of the FSL and SCL lab activities will result in a higher efficiency and higher utilization of both labs and lab support areas. The laboratories benefit from consolidation of the following: chemical and dry storage, gas storage, equipment repair, loading dock, shipping and receiving area and sample storage. The shared lab support areas are labeled as FSL/SCL.

### **Administrative / Office Areas**

The space requirements for offices and other administrative areas were primarily developed based on the interviews with administration and staff. State standards for offices (*State of Alaska, Space Standards Manual, Sept. 1987*) were also referenced and incorporated where applicable. Each program will maintain their individual staff office areas, however, the reception and waiting areas, copy room, computer room, conference/training rooms, library and storage areas are shared. All of the programs will benefit from appropriately sized and convenient, common administrative areas. These shared areas are labeled on the Space Requirements Summary as FSL/SCL/DW&WP.

From a facility planning perspective, the consolidation of the FSL, SCL and DW&WP activities results in a higher efficiency and higher utilization of administrative support areas. At the existing facilities, each program has the need for a training area for 20-30 persons for a variety of training courses and certification classes, etc. The frequency of use, however, is such that the space would be underutilized if it were constructed for any one program. The consolidation of



these Division of Environmental Health programs makes spaces like the training lab, and large conference/training room much more feasible.

**Other benefits of consolidation**

In addition to benefits already mentioned above, additional functional benefits are anticipated from the consolidation and include the following:

- Increased utilization of SCL staff and testing services by DW&WP and FSL program.
- Improved access to DW&WP files by FSL staff.
- Improved communication between FSL and DW&WP environmental specialists.
- Increased opportunities for cross-training of staff, and better utilization of staff expertise.
- Increased flexibility in laboratory and administrative facilities and activities.

**Table 2-1: Consolidated Facility - Space Requirements Summary**

| <b>MICROBIOLOGY LABORATORIES</b> |                                              | NSF (1) |                   |
|----------------------------------|----------------------------------------------|---------|-------------------|
| FSL                              | Marine Toxins / Small Micro Lab              | 504     | 2 lab modules (4) |
| FSL                              | Animal Health Lab                            | 126     | 0.50 lab modules  |
| FSL                              | Microbiology Lab                             | 504     | 2 lab modules     |
| FSL                              | Drinking Water Analytical Lab                | 504     | 2 lab modules     |
| FSL                              | Dairy Lab                                    | 504     | 2 lab modules     |
| FSL                              | Decontamination                              | 252     | 1 lab modules     |
| FSL                              | SS Media Prep / Training Lab                 | 756     | 3 lab modules     |
| FSL                              | Micro Media Prep Lab                         | 252     | 1 lab modules     |
| <i>subtotal</i>                  |                                              | 3,500   | 13.5 lab modules  |
| <b>CHEMISTRY LABORATORIES</b>    |                                              |         |                   |
| FSL                              | General Chemistry Lab                        | 756     | 3 lab modules     |
| FSL                              | Instrumentation                              | 504     | 2 lab modules     |
| FSL                              | Chemistry Prep                               | 504     | 2 lab modules     |
| SCL                              | Gasoline Analysis                            | 252     | 1 lab modules     |
| SCL                              | Volatile Sample Prep                         | 126     | 0.50 lab modules  |
| SCL                              | Volatile Organics Lab                        | 252     | 1 lab modules     |
| SCL                              | Semi-Volatiles Instruments                   | 756     | 3 lab modules     |
| SCL                              | Semi-Volatiles Sample Prep                   | 504     | 2 lab modules     |
| SCL                              | Inorganic Instrumentation                    | 1,008   | 4 lab modules     |
| SCL                              | Trace Metals Sample Prep                     | 504     | 2 lab modules     |
| SCL                              | Glasswash / Decontamination                  | 252     | 1 lab modules     |
| <i>subtotal</i>                  |                                              | 5,500   | 22 lab modules    |
| <b>LABORATORY SUPPORT AREAS</b>  |                                              |         |                   |
| FSL / SCL                        | Chemical & Solvent Storage                   | 252     | 1 lab modules     |
| FSL / SCL                        | Dry Stores (labs)                            | 504     | 2 lab modules     |
| FSL / SCL                        | Gas Storage                                  | 126     | 0.50 lab modules  |
| SCL                              | Hazardous Materials Storage                  | 126     | 0.50 lab modules  |
| FSL                              | Animal Room                                  | 126     | 0.50 lab modules  |
| FSL                              | Cage Wash                                    | 63      | 0.25 lab modules  |
| FSL                              | Food & Storage                               | 63      | 0.25 lab modules  |
| FSL                              | PSP Cooking                                  | 63      | 0.25 lab modules  |
| FSL / SCL                        | Walk-in Cold Room                            | 126     | 0.50 lab modules  |
| FSL / SCL                        | Sample Cust. Lab, Deliveries, Container Stor | 189     | 1.25 lab modules  |
| FSL                              | FSL Lab Work Stations / Computer Room        | 756     | 3 lab modules     |
| FSL / SCL                        | Lab Conference / Work Area                   | 252     | 1 lab modules     |
| SCL                              | SCL Lab Work Stations                        | 504     | 2 lab modules     |
| FSL / SCL / DW&WP                | Shipping & Receiving                         | 252     | 1 lab modules     |
| FSL / SCL                        | Equipment Repair / Lab Engr Office           | 252     | 1 lab modules     |
| FSL / SCL                        | Toilets / Lockers / Shower / Laundry         | 504     | 2 lab modules     |
| <i>subtotal</i>                  |                                              | 4,200   | 17 lab modules    |

Table 2-1 continued on next page.



| ADMINISTRATION         |                                         |        |         |
|------------------------|-----------------------------------------|--------|---------|
| FSL / SCL              | Lab Chief's Office                      | 175    |         |
| FSL                    | Pesticide's: 4 Offices / Work Areas     | 480    |         |
| FSL                    | Pesticide's Files / Storage Areas       | 80     |         |
| FSL                    | Environ. Health: 2 Offices / Work Areas | 260    |         |
| FSL                    | Compliance Office                       | 120    |         |
| FSL                    | Compliance Office Files                 | 40     |         |
| FSL                    | Dairy Sanitarian Office                 | 120    |         |
| FSL                    | State Veterinarian                      | 175    |         |
| FSL                    | Federal Veterinarian                    | 120    |         |
| FSL                    | Vet Supplies                            | 30     |         |
| FSL                    | FSL Lab Supervisor                      | 120    |         |
| SCL                    | SCL Lab Supervisor                      | 120    |         |
| SCL                    | QA Officer                              | 100    |         |
| DW&WP                  | Program Manager                         | 120    |         |
| DW&WP                  | Environ Special: 3 Offices / Work Areas | 360    |         |
| DW&WP                  | Technician                              | 64     |         |
| See Note (5)           | Administrative Assistant                | 120    |         |
| See Note (5)           | Administrative Clerk II                 | 100    |         |
| See Note (5)           | Administrative Clerk I                  | 100    |         |
| FSL / SCL              | Admin Files                             | 100    |         |
| FSL / SCL / DW&WP      | Receptionist                            | 60     |         |
| FSL / SCL / DW&WP      | Reception / Waiting Area / Doc Review   | 200    |         |
| FSL / SCL / DW&WP      | Copy / Document Room                    | 200    |         |
| FSL / SCL / DW&WP      | Computer Room                           | 100    |         |
| FSL / SCL              | Bulk Supplies Storage                   | 200    |         |
| FSL                    | Archive Storage                         | 100    |         |
| DW&WP                  | DW & WP Files / Doc Storage             | 200    |         |
| DW&WP                  | DW & WP General Storage                 | 300    |         |
| FSL / SCL / DW&WP      | Large Conference / Training Room        | 450    |         |
| FSL / SCL / DW&WP      | Small Conference Room                   | 100    |         |
| FSL / SCL / DW&WP      | Library / Lunchroom                     | 150    |         |
| FSL / SCL / DW&WP      | Admin Toilets                           | 200    |         |
|                        | subtotal                                | 5,200  | NSF (1) |
| LABORATORY AREAS TOTAL |                                         | 13,200 | NSF     |
|                        | @ 55% efficiency (3)                    | 24,000 | GSF     |
| ADMINISTRATION TOTAL   |                                         | 5,200  | NSF     |
|                        | @ 75% efficiency (3)                    | 7,000  | GSF     |
| TOTAL SPACE REQUIRED   |                                         | 31,000 | GSF (2) |

(1) NSF = Net Square Feet is the occupied square footage.

(2) GSF = Gross Square Feet is the total square footage required and includes space for mechanical and electrical systems, corridors and building structure.

(3) Efficiency factors based on industry standards for net to gross conversions for laboratory and administration occupancy types.

(4) One lab module equals 10'-6" x 24'-0", or 252 NSF.

(5) Admin staff support all programs including FSL, SCL, Animal Health, Pesticides, Environ. Sanit.

Note: Due to the preliminary nature of the conceptual design analysis, all subtotals are rounded up to the nearest hundred, and totals are rounded up to the nearest thousand.

## D. CONCEPTUAL DESIGN SOLUTION

### Project Goals

A consolidated Food Safety Lab / State Chemistry Lab must continue to support the mission of the programs housed within. This begins with the mission of the Alaska Division of Environmental Health (ADEH):

*"The ADEH protects and enhances the quality of life of all Alaskans and their visitors by establishing standards to ensure the delivery of safe drinking water, wholesome food products, clean facilities, proper solid waste management, and the safe disposal and treatment of human sewage, supported by competent laboratory services and pesticide use."*

The facility must also *ensure quality services* and support the goals of the programs to be housed in the facility. These include:

- To provide laboratory support to programs, industries and individuals to ensure safe food, water and environmental health.
- To promote the health and safety of Alaskans through education and training on the use of pesticides by maintaining FDA, USDA, and EPA certification for monitoring of microbial and chemical contaminants.
- To continue to provide Animal Industry services which promote animal health, farm sanitation and new manufacturing practices to improve the quality and quantity of our food.
- To ensure that Alaska's public and domestic water systems provide safe drinking water, and that domestic wastewater disposal and treatment facilities and devices provide safe treatment and disposal of wastewater.

The new consolidated Food Safety Lab / State Chemistry Lab must enhance the State's and ADEH's ability to provide *cost effective* laboratory services.

The new consolidated Food Safety Lab / State Chemistry Lab must allow for *flexibility, adaptability* and *future expansion*, to respond to changes in laboratory practices and services.

The Food Safety Laboratory / State Chemistry Laboratory facility should project an *image* of permanence and stability. The facility image should reflect the importance of the public health and safety functions performed within.

The facility should fit well into its environment and community. It should be a *good neighbor* visually and environmentally.



An *economy* of form and materials should be applied to the building design. The exterior architectural finishes should be durable, low maintenance and cost effective. The materials must be able to respond to the rigors of the Alaska climate, including temperature differential, periodic high wind conditions and low sun angles.

## Design Objectives

The following design objectives have been incorporated into the conceptual design solution and cost estimate for the project and should be incorporated in the detailed design of the building as the project advances.

### Laboratories and Lab Support Areas

- Both the food safety and state chemistry labs are working labs and not public facilities. Laboratory activities should be discrete and out-of-sight from the public and administration areas.
- Laboratory circulation must be separate from administrative circulation. A control point must be provided between the two occupancies to avoid possible contamination. The building must be designed to allow samples, which are received by the administrative staff, to be "picked-up" at a controlled location by lab personnel for processing.
- The "back-of-house" area should consist of the loading dock, and shipping and receiving area for delivery of large samples, bulk supplies and equipment. This area should be out-of-sight from the main entry and public parking. The laboratory equipment maintenance office, haz-mat storage and gas storage should be located adjacent to the back-of-house area.
- All laboratories must be designed to meet federal lab standards (EPA, USDA, FDA) and lab protocols.
- Chemical and solvents storage and lab dry stores must be located conveniently to labs and back-of-house areas.
- Laboratory corridors and doors into labs must be wide enough for transporting large pieces of equipment. The laboratory layout should group microbiology and chemistry labs and reflect a logical flow of lab activities, lab staff and lab supplies between lab areas.
- Laboratories shall be designed to accommodate the use of computers in the labs. Laboratory casework must allow for both standing and seated work stations.
- Laboratory casework must be flexible and adaptable to respond to changes and advances in laboratory equipment, instrumentation and procedures. Casework should be durable and chemical resistant.

- The laboratories must receive some of their lighting from natural daylight sources. Both the microbiology and chemistry laboratories should be designed to provide opportunities for natural light and view windows for visual relief.
- Each laboratory personnel shall be provided a personal workstation for administrative tasks, phone calls, etc. Lab workstations shall be consolidated and located within lab areas, with opportunities for windows. Lab staff shall have convenient access to the locker room, laundry deposit/pick-up for lab coats, and showers.
- Adequate mechanical and plumbing systems (heating, ventilation, humidity, plumbing, lab gases, room pressurization) must be provided which responds to each specific lab needs. Air-borne particles and laboratory smells must be addressed in the design of HVAC systems. Mechanical systems should be zoned.
- Adequate electrical systems (power, communications, security) must be provided which respond to each specific lab, and specific equipment needs. Dedicated circuits and back-up power must be provided for key lab areas and equipment. Electrical systems should be zoned.
- A fire suppression system should be provided.
- Laboratories must be designed to isolate noisy equipment such as vacuum pumps, fume hoods, etc.
- Interior finishes must be appropriate for laboratory functions and be chemical resistant, easily cleaned and sanitized, and durable.

#### **Offices and Administrative Areas**

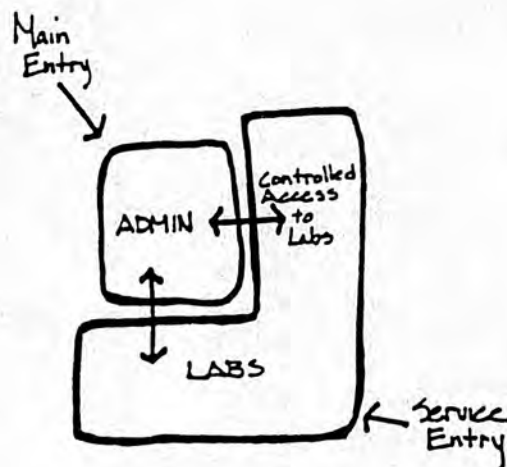
- Administrative activities are the public side of the building, and should be welcoming.
- FSL, SCI., and DW&WP administration areas should be consolidated with a single reception / waiting area.
- The facility must be designed to accommodate a high amount of walk-in traffic associated with the DW&WP. A document viewing area must be provided and located adjacent to the reception area and DW&WP offices. Finishes in public areas must be durable.
- The design should attempt to provide all private offices with windows, if practicable, or other means of natural light.
- The common library / lunchroom should be located so that it is convenient to staff but off the main circulation path and out of sight of public areas.



- A common copy / document prep area shall be provided for daily administrative copying tasks as well as preparation of newsletters and pamphlets for outreach programs.
- The large conference / training room should be located adjacent to the reception area for visitors attending certification classes and/or training. The training room, able to accommodate 30 persons, must be equipped with state of the art audio-visual equipment and have communications and video links to the training lab for training demonstrations. The training room must be acoustically separated from other administration areas.

### Space Relationship Concept

The space requirements for the consolidated FSL/SCL facility consists of two distinct occupancies and building types, the administration and laboratory areas. The conceptual design solution for the facility calls for an efficient building organization that allows both administrative and lab users to remain functionally independent and yet effectively interface. Preference has been given to a single-story building solution. This approach will simplify building service and circulation and help to enhance cross-communication within lab and administrative areas. Internal circulation between the labs and the administration area would occur at two controlled points.



Organization Diagram

The following Space Relationship Diagram reflects a conceptual layout of the activities included in the space requirements summary and incorporates the design objectives listed previously. The laboratory area reflects the lab planning module approach and attempts to group chemistry lab's and microbiology lab's activities into a logical arrangement conducive with lab workflow.

In the administrative area private offices are grouped to keep each ADEH program's staff close to one another. Public areas (reception, DW&WP document review, and conference rooms) are located near the main entry.

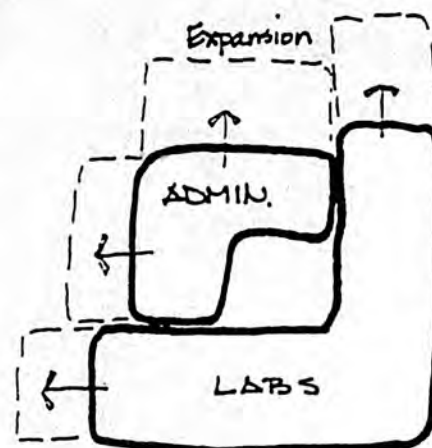
Natural daylighting of interior spaces is accomplished in the diagram by focusing the occupied labs and offices along the exterior. An interior courtyard is proposed to provide additional opportunities for views and natural light into office and labs. Natural lighting can also be achieved through the use of clearestory windows into the labs as is illustrated in the perspective drawing.

## Architectural Massing Concept

The conceptual design envisions two distinct building masses with a combination of flat roofs and pitched roofs. The flat roofs would be sloped to interior drains and overflow scuppers would be provided at the exterior wall line. Flat roofs are being proposed for the administrative areas in this conceptual design due to the economy of this type of system and their ability to hold or "manage" the snowfall. Snow management will be an important factor in the operation and maintenance of the facility. By allowing the snow to remain on the roof, problems such as snow sliding off a high roof, and snow removal from walking areas and entrances can be mitigated. Sloped roofs are proposed for the laboratory areas to provide additional opportunities to bring natural light into the laboratories. Snow management is not as critical an issue in this area since snow sliding off the lab roofs would not be in the public path or high traffic areas. A flat roof is proposed over the back-of-house / service area to accommodate roof top mechanical units.

## Future Expansion

One of the major goals of this project is to provide adequate expandability for the laboratory and administrative functions. The proposed lab concept allows for expansion to occur in two directions giving the lab areas the ability to "add on" lab modules to the end of the laboratory space. Additional HVAC and electrical requirements can be provided to the expanded space as "module units" to the existing systems. While expansion of the administration areas would most likely result in more interior offices, the space concept allows the ability for administration areas to expand in the future as well.



Future Expansion Diagram

## E. CONCEPTUAL DESIGN SITE PARAMETERS

### General

This feasibility study investigated the availability of land for siting of the FSL/SCL consolidated facility. The goal at this stage was to identify availability of land within the city limits of Anchorage and Palmer, and not to select a specific piece of land. The siting parameters therefore were very general. The property would have to be of a certain minimum size to accommodate all the site components and have room for future growth. The site would have to be close to important facilities such as the post office, fire department, police department, delivery services, and major road systems. It would have to be located close to major municipal utilities. The following are further discussions of the major siting parameters.



### **Lot Size and Zoning**

The site components that will make up the facility will include the 31,000 square foot building; parking lot(s), a public driveway and drop-off, a service drive and service yard/loading dock, walkways, firelanes, snow storage areas and landscaping. The tract of land will also have to satisfy the future growth of the facility. The minimum lot size to accommodate all these component would be approximately 3.0 acres.

The site should be located in areas that are appropriately zoned for the facility's type of usage, in this case Government Office Building. Although the facility could be sited in other zoning types, it would require rezoning of the lot to the appropriate zoning type or obtaining a Conditional Use Permit (CUP). Both of these would involve a significant amount of additional effort and expense. There is also the possibility that a proposal to rezone or CUP would be turned down.

#### **Anchorage Zoning Types:**

Central Business District: (B-2A, Core) (B-2B, Intermediate) (B-2C, Periphery)

General Business District: (B-3, General)

Public Lands and Institutions District: (PLI)

Residential-Office District: (R-O)

#### **Palmer Zoning Types:**

Commercial District: (C-L, Limited) (C-G, General)

Industrial District: (I)

Public Use District: (P)

### **Soils & Topography**

The physical features of the piece of land upon which the facility will be built are very important. Good soil will provide the most stable base for the building foundation and will help to minimize construction costs. Land with poor soil conditions and areas designated as wetlands by the Corps of Engineers (COE) should be avoided. Moderately sloping sites are preferable. Steep slopes and excessive relief will require greater quantities of excavation and fill, adding to the construction costs.

Anchorage has a wide variety of soils conditions and topography. Much of the land possessing good soils and topography have already been built on, and care should be taken to properly select the appropriate tract of land from the remaining available areas within Anchorage to site the building. Palmer has quite a bit of previous farmland that is being developed for commercial and industrial uses. The soils in Palmer are generally good gravel. The topography is fairly flat and even.

### **Parking**

Parking will be dependent upon the land use ordinances specifying minimum parking requirements, based upon building usage. The classification for this facility is Governmental Office Building. This will require providing one parking space for every 300 square feet of administration area, and

one parking space for every 400 square feet of laboratory/lab support area. This will total approximately 86 parking spaces.

#### **Fire Access Lane**

Firelanes are needed for fire protection vehicles. Access should be provided by 20 foot wide firelanes to allow these vehicles to parking within 150 feet of any part of the building.

#### **Public Entry & Service Entry**

A driveway is needed for public access to the facility. It is recommended that a drop-off area be provided near the front entry to allow disabled person easy access to the building. A separate service entrance is recommended for deliveries to the facility. The service drive should lead to a service yard/loading dock area at the back of the building for sample deliveries and other items not suitable for drop-off at the front entry. The service yard should provide space for a minimum of one loading berth and the facility's dumpster. The service yard should also provide room for site appurtenances such as electrical transformers and mechanical equipment that would be best screened and separated from the public areas.

#### **Landscaping**

Land use ordinances will require landscaping as part of the site improvements. Landscaping will enhance the appearance of the facility and provide visual separation between the parked vehicles and the facility's offices. The building setback areas can be utilized for landscaping areas.

#### **Snow Storage**

Snow storage area will have to be provided for. A good run of thumb is to provide area equaling approximately 30% of the parking lot, driveway and service yard areas. A portion of the landscaped areas could be used as snow storage.

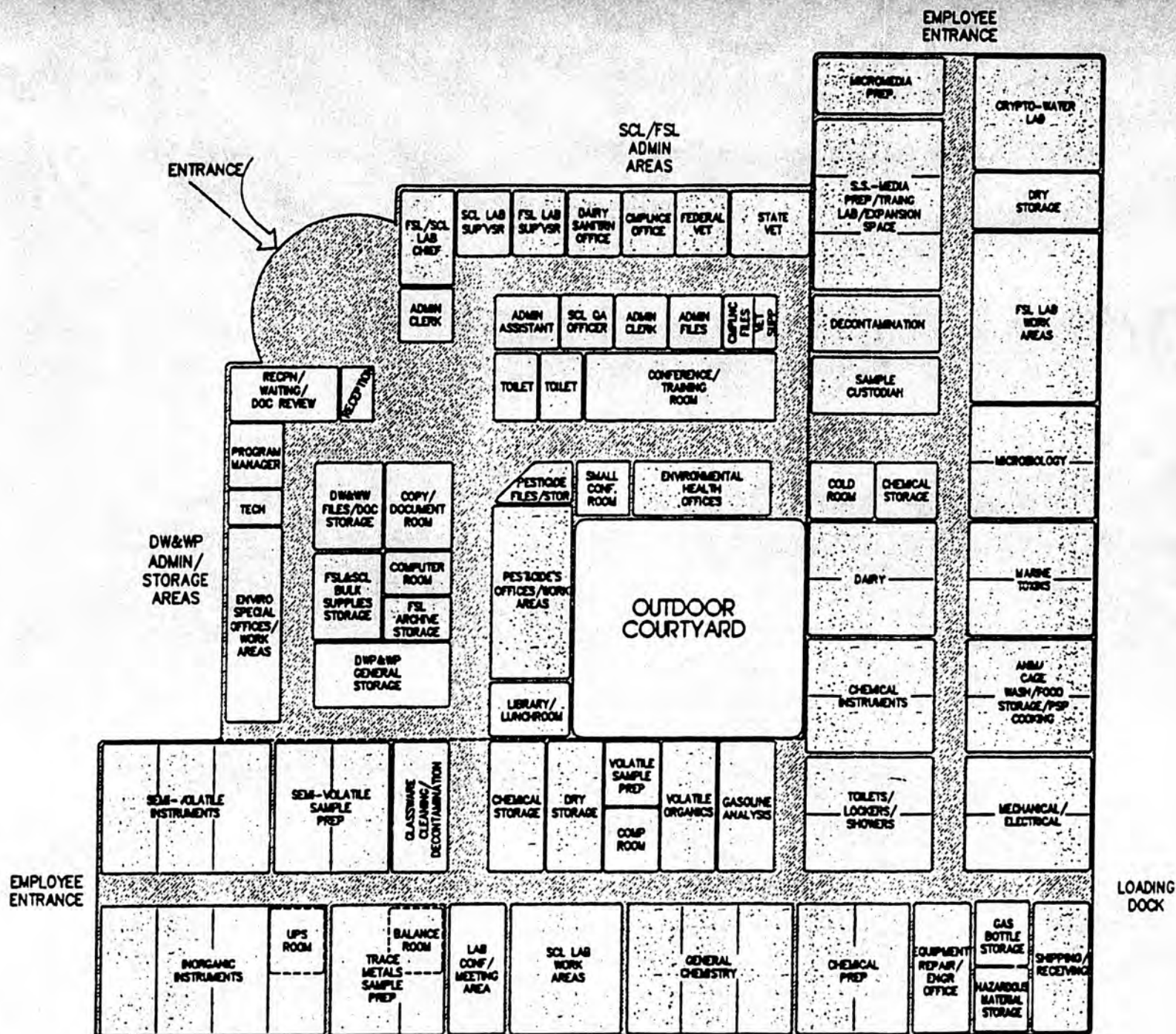
#### **Utilities**

It is important for the facility to be located in an area that provides reliable utility services. The utility infrastructure must have the capability of supplying adequate service to support the present and future demands of the facility. These utility systems include potable water, sanitary sewer, stormdrainage, natural gas, electricity and telephone.

The facility has an above average usage of potable water compared to a typical office use due to testing performed in the laboratories. In addition to satisfying this usage, the water supply must be capable of providing the proper quantity and pressure to support the building's sprinkler system demands.

The facility employs a large number of very sensitive equipment that must be protected from electrical surges. Electrical service must be reliable and of good quality. Emergency backup power is a requirement that will allow the facility to operate in the event of an electrical blackout.

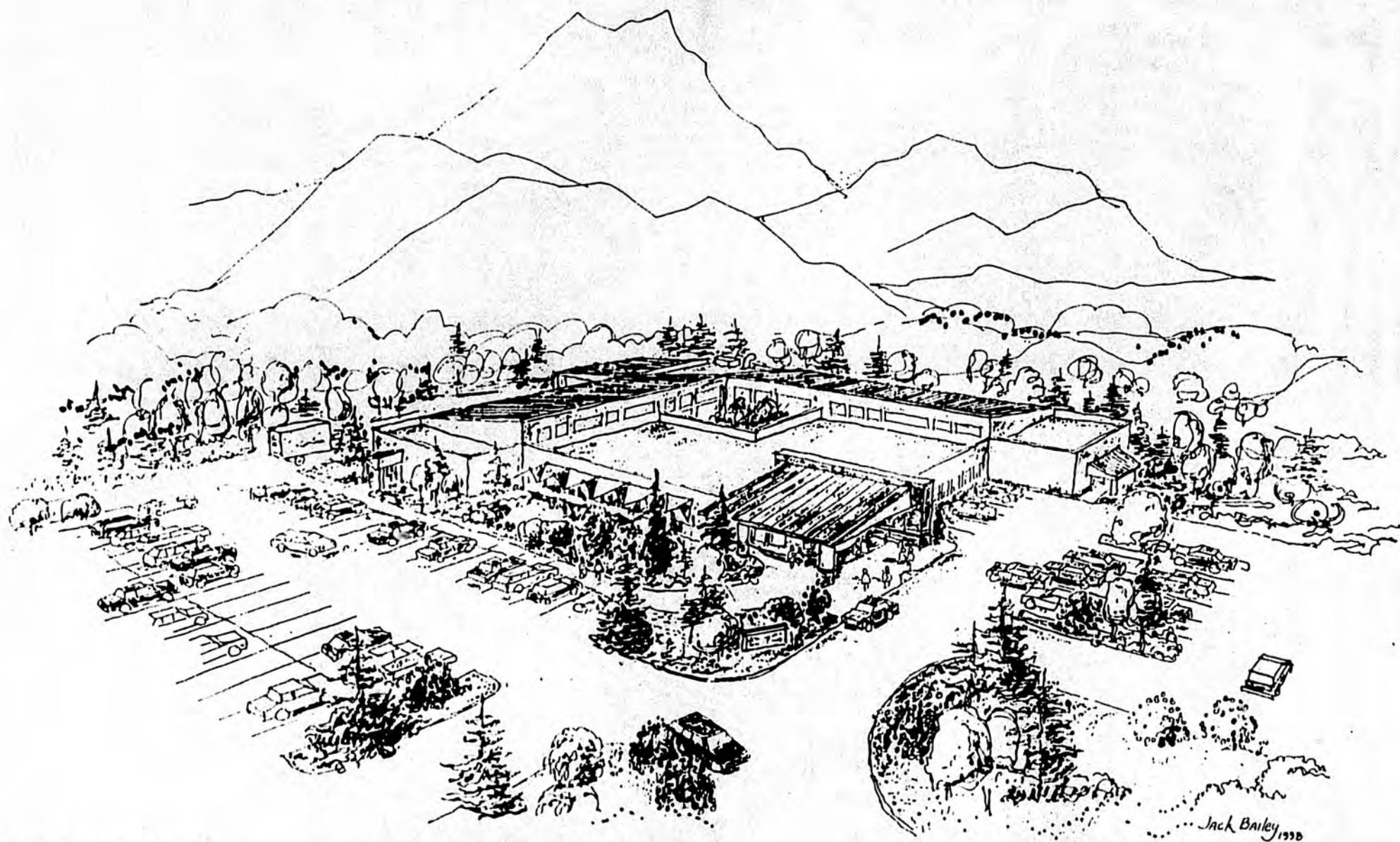




# SPACE RELATIONSHIP DIAGRAM

CONSOLIDATED FOOD SAFETY/STATE CHEMISTRY LABORATORY

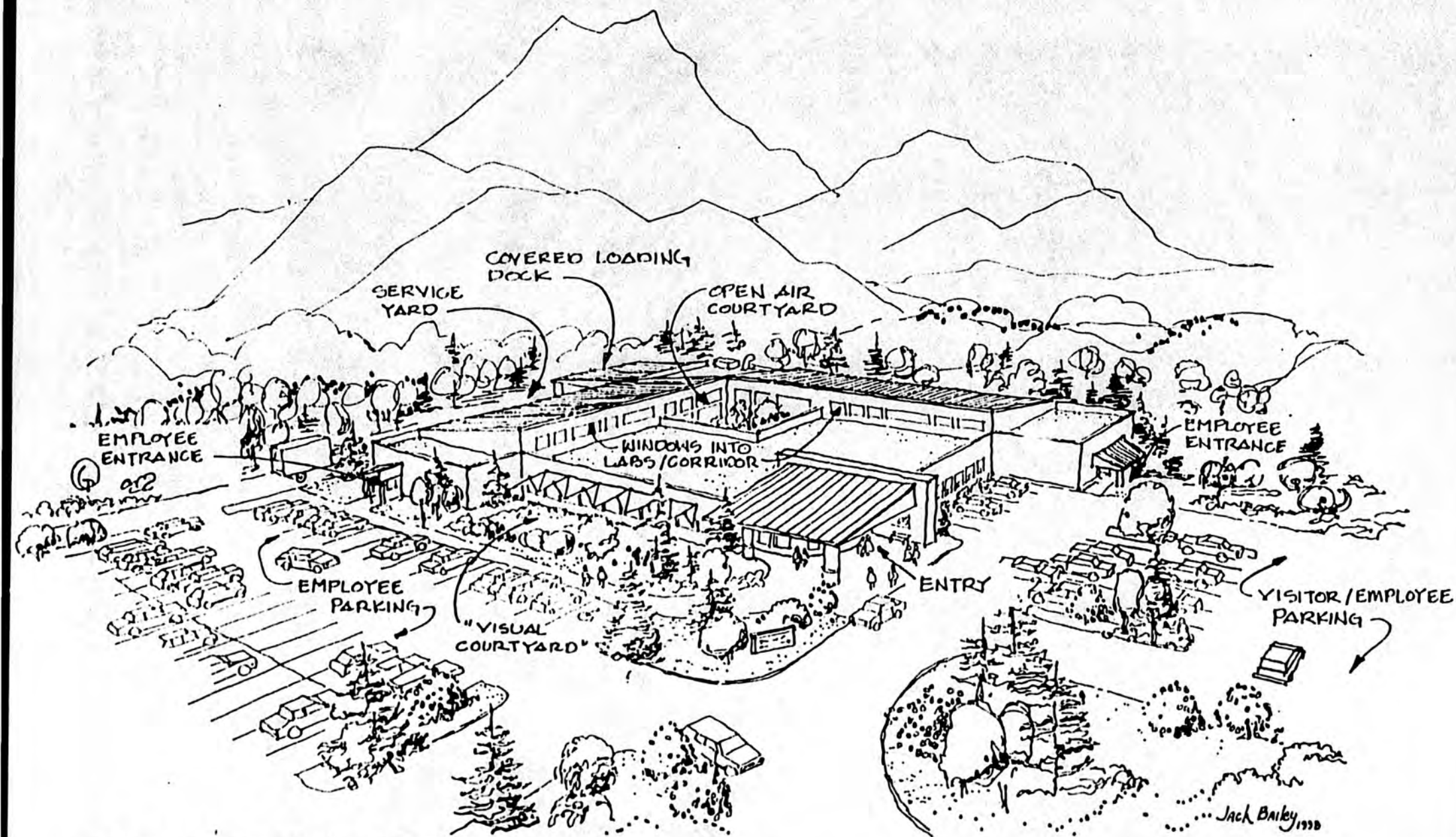
LIVINGSTON SLOAN, INC.  
P.N. 815.00  
OCTOBER 30, 1998



PERSPECTIVE  
CONSOLIDATED FOOD SAFETY/STATE CHEMISTRY LABORATORY

LIVINGSTON SLOAN, INC.  
P.N. 815.00  
OCTOBER 30, 1998

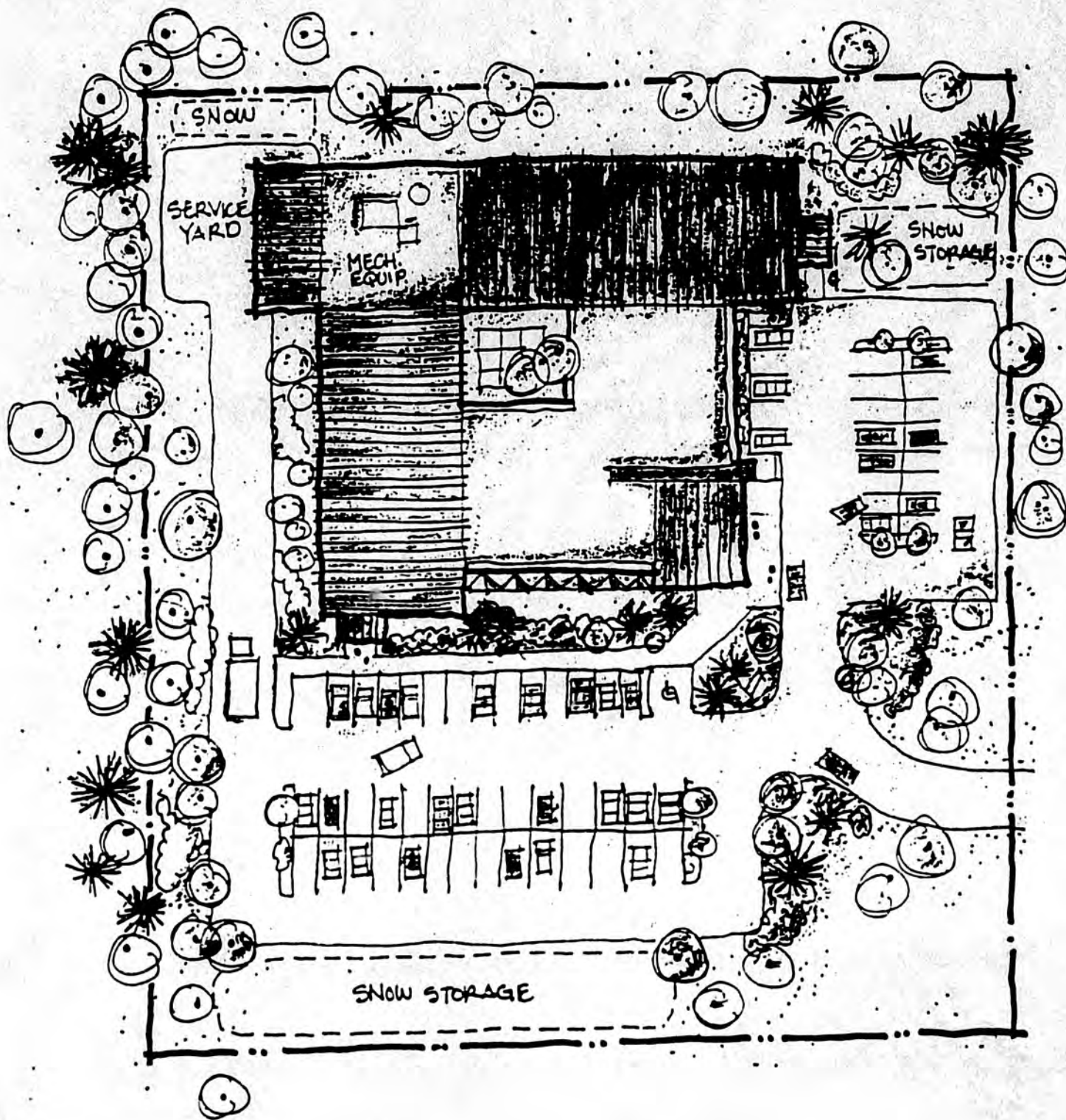




## PERSPECTIVE WITH NOTES

CONSOLIDATED FOOD SAFETY/STATE CHEMISTRY LABORATORY

LIVINGSTON SLONE, INC.  
PN 81500  
OCTOBER 30, 1998



# SITE PLAN

CONSOLIDATED FOOD SAFETY/STATE CHEMISTRY LABORATORY

LIVINGSTON SLONE, INC.  
P.N. 815.00  
OCTOBER 30, 1998



## F. CONCEPTUAL COST ESTIMATES AND PROJECT SCHEDULE

### Construction Cost Estimate

An estimated construction cost has been developed in Table 2-2 based on the space requirements listed in Table 2-1, the space relationship diagram, and our understanding of the building systems requirements and level of laboratory complexity. A building-only (without sitework) cost per square foot for the labs (\$315) and administrative areas (\$185) is estimated for this project. These costs also assume that the final building design will separate laboratory from administrative functions. Grouping administration and laboratory occupancies into separate building masses is the most cost-effective approach since these occupancies have different mechanical, electrical and structural needs.

Since a specific site has not been identified at this time, the largest unknown is the site development costs. The site development costs reflected below assumes approximately \$23.00 per building square foot will be spent. This is an average site development budget and should be adequate for developing a site of reasonably level topography, with adjacent utilities and adequate soil conditions. If, for example, the site selected contains large amounts of wetlands, is sloping, or has poor soils, then the site development costs should be adjusted accordingly.

The construction cost estimate includes escalation to the mid-point of construction (3 years @ 3% per year) as reflected in Table 2-4: Preliminary Project Schedule. If construction occurs beyond that estimated in the schedule the construction costs must be escalated accordingly.

**Table 2-2: Consolidated Facility Construction Cost Estimate**

|                                 | NSF    | GSF    | \$/SF  | Total               |
|---------------------------------|--------|--------|--------|---------------------|
| Labs and Lab Support            | 13,200 | 24,000 |        |                     |
| Subtotal                        |        | 24,000 | \$ 315 | \$ 7,560,000        |
| Administration                  | 5,200  | 7,000  |        |                     |
| Subtotal                        |        | 7,000  | \$ 185 | \$ 1,295,000        |
| Building Construction Costs     |        | 31,000 | \$ 286 | \$ 8,855,000        |
| Site Development Costs (1)      |        |        |        | \$ 721,000          |
| <b>Total Construction Costs</b> |        |        |        | <b>\$ 9,576,000</b> |

(1) Site development costs are based on an average cost/square foot for this size project in the Palmer area, and assumes all utility infrastructure is available near the site. Actual site developments costs may vary once a project site is selected.

(2) Construction Costs do not include other project costs such as design fees, contingencies and furniture and equipment. See Table 2-3 for total project costs.

## Project Cost Estimate

The Project Cost Estimate includes the construction costs plus the additional costs necessary to execute a complete project. Project costs normally include contingencies, design fees, internal administration and furniture and equipment. Since these costs can vary greatly from project to project, the estimate below should be considered a *budget* at this early stage of the project, and the project cost estimate should continue to be developed by the State as the project advances. The project costs below also assume a typical state-run construction process. It is important to note that costs associated with project financing and land acquisition have not been included at this time. (See also Table 1-8: Summary of Capital Costs for Consolidated Facilities.)

**Table 2-3: Consolidated Facility Project Cost Estimate**

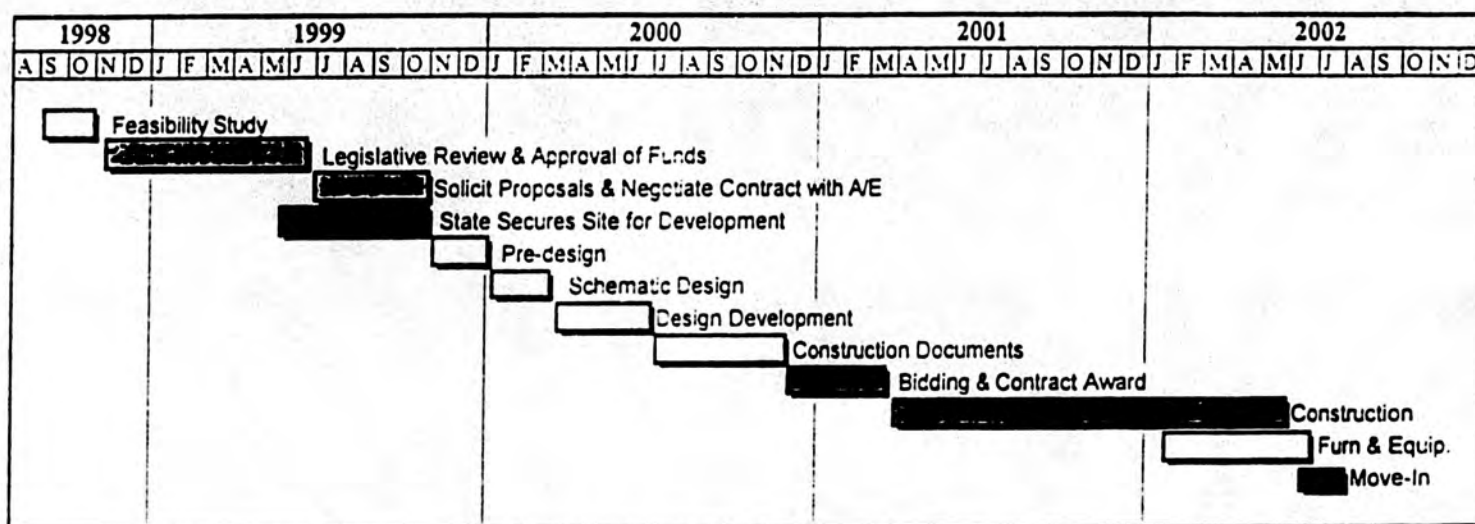
|                                                                                                               |              |                     |
|---------------------------------------------------------------------------------------------------------------|--------------|---------------------|
| <b>A Estimated Construction Contracts</b>                                                                     |              | <b>\$9,576,000</b>  |
| Assumes 3.5 acre development with 31,000 gsf facility, single story, bid in winter of 00-01.                  |              |                     |
| <b>B Bidding Contingency</b>                                                                                  | 3% of A      | <b>\$287,000</b>    |
| Assumes conventional, lump-sum, design-bid-build process.                                                     |              |                     |
| <b>C Construction Change Order Reserve</b>                                                                    | 7% of A      | <b>\$670,000</b>    |
| Assumes 7% of construction costs reserved to address changes during construction.                             |              |                     |
| <b>D Furniture &amp; Equipment</b>                                                                            | 12% of A     | <b>\$1,149,000</b>  |
| Assumes 12% of construction contracts for equipment including Group II equipment and furniture.               |              |                     |
| <b>E Design Phase Services</b>                                                                                | 17% of A     | <b>\$1,628,000</b>  |
| Includes A/E design fees and expenses, State's design admin, reviews and permit fees, and design contingency. |              |                     |
| <b>F Project Administration / Internal Services</b>                                                           | 5% of A      | <b>\$479,000</b>    |
| Includes State's Internal Services and Administration of the project, DBE Incentives, and legal services.     |              |                     |
| <b>G Artwork</b>                                                                                              | 1% of A + C  | <b>\$102,000</b>    |
| Assumes 1% of construction costs + construction reserves.                                                     |              |                     |
| <b>H Project Financing</b>                                                                                    | not included | <b>0</b>            |
| Assumes project funded as part of capital projects budget, and no separate financing costs required.          |              |                     |
| <b>I Land Acquisition</b>                                                                                     | not included | <b>0</b>            |
| A strategy for acquiring a project site has not been developed at this time. Public lands may be considered.  |              |                     |
| <b>Total Estimated Project Costs</b>                                                                          |              | <b>\$13,890,000</b> |



## Project Schedule

The project schedule in Table 2-4 illustrates the steps and anticipated durations for the design and construction of a new consolidated Food Safety Laboratory / State Chemistry Laboratory. In this schedule scenario the project is funded in the 1999 Legislative Session; a site is acquired for the project in the summer/fall of 1999; and an A/E is selected to begin design in the late fall/early winter of 1999. The schedule also assumes a conventional design-bid-build process for executing the design and construction phases. The schedule results in a projected move-in date of summer, 2002.

**Table 2-4: Preliminary Project Schedule**



## G. FOOD SAFETY LABORATORY DEVELOPMENT SCENARIO

While the economic analysis recommends a consolidated Food Safety Lab / State Chemistry Lab as the most cost-effective strategy, the Department of Environmental Health has requested that the space requirements and costs for a new stand-alone Food Safety Laboratory be included in this report as well.

### Food Safety Laboratory Space Requirements

The space requirements in Table 2-5 include those spaces required for a new Food Safety Laboratory, and include all the activities currently located at the Palmer facility including the pesticides program, animal industries and environmental sanitation.

**Table 2-5: Food Safety Laboratory - Space Requirements Summary**

| <b>MICROBIOLOGY LABS</b>             |                 | NSF (1)           |                  |
|--------------------------------------|-----------------|-------------------|------------------|
| Marine Toxins / Small Micro Lab      | 504             | 2 lab modules (4) |                  |
| Animal Health Lab                    | 126             | 0.5 lab modules   |                  |
| Microbiology Lab                     | 504             | 2 lab modules     |                  |
| Drinking Water Analytical Lab        | 504             | 2 lab modules     |                  |
| Dairy Lab                            | 504             | 2 lab modules     |                  |
| Decontamination                      | 252             | 1 lab modules     |                  |
| SS Media Prep / Training Lab         | 756             | 3 lab modules     |                  |
| Micro Media Prep Lab                 | 252             | 1 lab modules     |                  |
|                                      | <i>subtotal</i> | 3,500             | 13.5 lab modules |
| <b>CHEMISTRY LABS</b>                |                 |                   |                  |
| General Chemistry Lab                | 756             | 3 lab modules     |                  |
| Instrumentation                      | 504             | 2 lab modules     |                  |
| Chemistry Prep                       | 504             | 2 lab modules     |                  |
|                                      | <i>subtotal</i> | 1,800             | 7 lab modules    |
| <b>LAB SUPPORT AREAS</b>             |                 |                   |                  |
| Chemical Storage                     | 126             | 0.50 lab modules  |                  |
| Dry Stores (labs)                    | 252             | 1 lab modules     |                  |
| Gas Storage                          | 63              | 0.25 lab modules  |                  |
| Animal Room                          | 126             | 0.50 lab modules  |                  |
| Cage Wash                            | 63              | 0.25 lab modules  |                  |
| Food & Storage                       | 63              | 0.25 lab modules  |                  |
| PSP Cooking                          | 63              | 0.25 lab modules  |                  |
| Sample Receiving                     | 126             | 0.50 lab modules  |                  |
| Walk-in Cold Room                    | 126             | 0.50 lab modules  |                  |
| Lab Work Areas / Computer Room       | 756             | 3 lab modules     |                  |
| Shipping & Receiving                 | 252             | 1 lab modules     |                  |
| Lab Conference / Meeting Area        | 126             | 0.50 lab modules  |                  |
| Toilets / Lockers / Shower / Laundry | 504             | 2 lab modules     |                  |
|                                      | <i>subtotal</i> | 2,700             | 10.5 lab modules |

*Table 2-5 continued on next page.*



|                                        |                 |            |
|----------------------------------------|-----------------|------------|
| <b>ADMINISTRATION</b>                  |                 |            |
| Lab Chief's Office                     | 175             |            |
| Pesticide's 4-Offices / Work Areas     | 480             |            |
| Pesticide's Files / Storage Areas      | 80              |            |
| Environ. Health 2-Offices / Work Areas | 260             |            |
| Compliance Office                      | 120             |            |
| Compliance Office Files                | 40              |            |
| Dairy Sanitarian Office                | 120             |            |
| State Veterinarian                     | 175             |            |
| Federal Veterinarian                   | 120             |            |
| Vet Supplies                           | 30              |            |
| FSL Lab Supervisor                     | 120             |            |
| (5) Administrative Assistant           | 120             |            |
| (5) Administrative Clerk               | 100             |            |
| (5) Receptionist                       | 60              |            |
| Reception / Waiting Area               | 144             |            |
| Admin Files Area                       | 75              |            |
| Copy / Document Room                   | 120             |            |
| Bulk Supplies Storage                  | 150             |            |
| Archive Storage                        | 100             |            |
| Conference / Training Room             | 450             |            |
| Small Conference Room                  | 100             |            |
| Library / Lunchroom                    | 150             |            |
| Admin Toilets                          | 200             |            |
|                                        | <i>subtotal</i> | 3,500      |
| <hr/>                                  |                 |            |
| LABORATORY AREAS TOTAL                 | 8,000           | NSF        |
| @ 55% efficiency (3)                   | 15,000          | GSF (2)    |
| <hr/>                                  |                 |            |
| ADMINISTRATION TOTAL                   | 3,500           | NSF        |
| @ 75% efficiency (3)                   | 5,000           | GSF (2)    |
| <hr/>                                  |                 |            |
| <b>TOTAL SPACE REQUIRED</b>            | <b>20,000</b>   | <b>GSF</b> |

(1) NSF = Net Square Feet is the occupied square footage.

(2) GSF = Gross Square Feet is the total square footage required and includes space for mechanical and electrical systems, corridors and building structure.

(3) Efficiency factors based on industry standards for net to gross conversions for laboratory and administration occupancy types.

(4) One lab module equals 10'-6" x 24'-0", or 252 NSF.

(5) Admin staff support all programs including FSL, Animal Health, Pesticides, and Environmental Sanitation.

*Note: Due to the preliminary nature of the conceptual design analysis, all subtotals are rounded up to the nearest hundred, and totals are rounded up to the nearest thousand.*

### Construction and Project Cost Estimates – FSL in Palmer

Construction cost and project cost estimates has been developed for a new stand-alone Food Safety Laboratory. A building-only (without sitework) cost per square foot for the labs (\$320) and administrative areas (\$185) is estimated for this project scenario. The lab unit cost for a new food safety lab is slightly higher than the lab unit cost for the consolidated facility due to an economy of scale factor that is realized in the consolidated project. The estimated construction costs shown below assume the project would be constructed in Palmer. An estimated project cost is also included below using the same formulas developed previously for the consolidated FSL/SCL facility.

**Table 2-6: FSL Construction Cost Estimate**

|                                 | NSF   | GSF    | \$/SF  | Total               |
|---------------------------------|-------|--------|--------|---------------------|
| Lab                             | 8,000 | 15,000 |        |                     |
| Subtotal                        |       | 15,000 | \$ 320 | \$ 4,800,000        |
| Administration                  | 3,500 | 5,000  |        |                     |
| Subtotal                        |       | 5,000  | \$ 185 | \$ 925,000          |
| Building Construction Costs     |       | 20,000 | \$ 286 | \$ 5,725,000        |
| Site Development Costs (Palmer) |       |        |        | \$ 505,000          |
| <b>Total Construction Costs</b> |       |        |        | <b>\$ 6,230,000</b> |

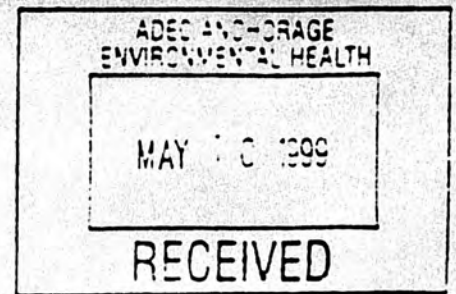
**Table 2-7: FSL Project Cost Estimate**

|                                              |              |           |                  |
|----------------------------------------------|--------------|-----------|------------------|
| A Estimated Construction Contracts           |              | \$        | 6,230,000        |
| B Bidding Contingency                        | 3% of A      | \$        | 187,000          |
| C Construction Change Order Reserve          | 7% of A      | \$        | 436,000          |
| D Furniture & Equipment                      | 12% of A     | \$        | 748,000          |
| E Design Phase Services                      | 17% of A     | \$        | 1,059,000        |
| F Project Administration / Internal Services | 5% of A      | \$        | 312,000          |
| G Artwork                                    | 1% of A + C  | \$        | 67,000           |
| H Project Financing                          | not Included | \$        | -                |
| I Land Acquisition                           | not Included | \$        | -                |
| <b>Total Estimated Project Costs</b>         |              | <b>\$</b> | <b>9,039,000</b> |



### **Construction and Project Cost Estimates – FSL in Anchorage**

The economic analysis states that if the FSL and SCL were maintained in separate locations, there is no significant difference in locating a new stand-alone FSL in Anchorage or Palmer. Higher construction costs in Anchorage are offset by salary savings. Higher construction costs are anticipated as a result of higher site development costs. The building construction unit costs are assumed to be the same for Palmer and Anchorage, but it is estimated that site development costs in Anchorage would be greater due to the increased likelihood of developing on poor soil conditions and/or wetlands. Small changes would occur in the total building costs due to a reduction in the space requirements, since it is anticipated that the state veterinarian and a handful of other staff would stay in the Mat-Su Valley if the project were constructed in Anchorage. Construction costs for the FSL in Anchorage are estimated to be \$6.4 million, and the total project cost, which includes construction costs plus other project expenses, is estimated to be approximately \$9.3 million in Anchorage.



May 7, 1999

Janice Adair, Director  
Division of Environmental Health  
555 Cordova Street  
Anchorage, AK 99501

Dear Ms. Adair:

Enclosed is our joint report on the evaluation of laboratories in the Departments of Health and Social Services, and Environmental Conservation.

John Wiskerchen and I enjoyed the opportunity to work with you and your staff. We trust our visit and report will be of benefit to your department.

Sincerely,

*Jon M. Counts*  
*(by Karen Smith)*

Jon M. Counts, Dr. PH  
1610 N.E. 150th St.  
Shoreline, WA 98155-9701

enc

JMC:kg



## LABORATORY EVALUATION REPORT

### INTRODUCTION

The Alaska Department of Environmental Conservation contracted with John Wiskerchen, Senior Consultant and former Director of the FDA Lab, Bothell, Washington, and the Department of Health and Social Services contracted with Jon Counts, Dr. P.H., Director of Public Health Laboratories, Seattle, Washington to perform a joint study of the laboratory needs for both Departments. The charge was to:

- a) Assess and document the current activities and future responsibilities of the Public Health Laboratory, DHSS and the Food Safety and Drinking Water laboratory program in the Department of Environmental Conservation;
- b) Determine the total space and equipment required to support both the existing and anticipated activities and functions of the two Departments (DEC and DHSS);
- c) Review the blue prints for the new Public Health Laboratory and determine if any space or equipment capacity will exist in the new facility that would assist DEC in carrying out its functions;
- d) Prepare a joint report documenting the laboratory space and equipment needs of both Departments and provide recommendations relative to the utilization of the new Public Health Laboratory currently and in the future.

The evaluation was performed during the week of April 5, 1999 and included site visits to the State Public Health Lab in Anchorage and the DEC Food Safety laboratory in Palmer, AK. Meetings were also held with Dr. Peter Nakumura, Director, Division of Health, Dept. of Health and Social Services and Ms. Janice Adair, Director, Division of Environmental Health, Dept. of Environmental Conservation.

### Discussion of the State Public Health Laboratory, Anchorage

During the week of April 5th we met with Lab Director, Dr. Greg Hayes, Mr. Gregg Herriford and Ms. Rose Tanaka of the Anchorage State Public Health Lab. We discussed a full range of topics including lab functions, staffing, space requirements, and the design of the new laboratory. The visit also included a tour of their current laboratory.

#### The State Public Health Lab core functions include:

- Support of disease control and prevention programs, maternal, child, and family health programs and epidemiological programs
- Support of surveillance activities, outbreak investigations, and to monitor for the emergence of new infectious agents or the re-emergence of infectious agents of public health importance
- Development of methods when methods are not readily available and to help transfer this technology to the private sector
- Perform diagnostic product evaluation
- Data Collection
- High quality testing at a reasonable cost.

- Provide training, laboratory expertise, and reference services to the private laboratory community to assist in diagnosing disease of public health significance through laboratory testing.
- Provide a national surveillance link

Dr. Counts also addressed future factors that will impact the Public Health Laboratory:

- a) The impact of health system reform will influence the type and extent of clinical and reference microbiology that will be performed;
- b) Impact of new federal initiatives i.e. emerging infectious diseases (i.e. foodborne and waterborne disease), bioterrorism;
- c) Impact of new technology on lab design and space;
- d) Biomonitoring of environmental chemical contamination (impact on human health);
- e) Increased molecular DNA typing of microorganisms that are isolated in hospital and clinical laboratories and the environment.

None of the testing currently performed in the Public Health Laboratory is for regulatory purposes, nor are environmental or clinical chemistry determinations performed. The laboratory is certified by the Federal Health Care Financing Agency to perform clinical testing which is a federal requirement. The Public Health Laboratory does analyze for microbial pathogens in human and environmental specimens as part of their epidemiological outbreak investigations involving food or water. The specimens may include stools, blood, and vomitus from the patients. This is not a duplication of the DEC Food Safety lab's examination of food and water. The analytical procedures and techniques for specimens are different from the procedures and techniques used for food and water. While both laboratories have a role in the outbreak investigation, there is an important need for the two laboratories to communicate and coordinate their findings. The capabilities and skills of both labs should be fully utilized to pinpoint the cause of the outbreak. The DEC Food Safety Lab should provide isolates from the food or water to the Public Health Lab for DNA fingerprinting to determine if there is a match with the isolates from the specimens.

The total staff for the State Public Health Lab is 41 which includes 11 in the Fairbanks laboratory. The staff includes 19 microbiologists, 2 radiological health specialists, 8 lab technicians, 2 computer specialists and 1 director and the remainder are clerical. The staff is barely adequate to handle the ever expanding workload resulting from the emergence of new infectious agents.

The current laboratory space is leased from the private sector and the lab's inadequacies have been well documented. There is not enough space to carry out the current testing required and the problematic HVAC system has on occasion jeopardized the validity of the analytical results and the safety of lab personnel.

In reviewing the design of the new laboratory, it is apparent that the space is well laid out to meet the current functions of the laboratory with room for modest expansion to address emerging infectious diseases. The total laboratory space is 8,361 net sq. feet. There is an additional 1,194 net sq. feet. for a training facility. The support space i.e. shipping receiving, media prep., storage etc. is 2,039 net sq. feet. The total for the lab, training facility, and support is 11,594 net sq. feet. The training facility is a critical need to provide laboratory training to the clinical laboratory community to ensure appropriate diagnosis of diseases of public health significance. In our opinion, there is not adequate space to accommodate the functions of the DEC Food Safety Laboratory.



## **Discussion of the DEC Food Safety Laboratory, Palmer**

During the week we met with Ms. Janice Adair, Director, Division of Environmental Health, Dept. of Environmental Conservation and Mr. Richard Barrett, Chief of Lab Services to discuss the needs of the Food Safety Lab in Palmer. We met with Ms. Adair at her office in Anchorage and with Mr. Barrett at the laboratory in Palmer. We discussed lab functions, staffing, space requirements, and the preliminary design of their proposed laboratory. We also had a tour of the Palmer laboratory.

The core functions of the laboratory include:

- Certify in-state laboratories for microbiological analysis of drinking water. (EPA certified)
- Conduct product and water sampling required by the National Shellfish Sanitation Program (NSSP) to ensure that bivalve shellfish can be marketed. (FDA certified)
- Routinely test commercial bivalve shellfish for marine toxins responsible for paralytic shellfish poisoning and domoic acid poisoning (FDA certified)
- Evaluate and randomly sample finfish for chemical and bacterial contaminants and parasites.
- Perform animal testing required to maintain USDA brucellosis- and TB-free certification. (USDA certified)
- Conduct meat inspection analyses required by USDA.
- Test for equine infectious anemia in horses intended for interstate shipment or entered in state fairs or other special events.
- Evaluate raw and finished dairy products for bacterial contamination, antibiotics, butter fat content, and efficiency of pasteurization. (FDA certified)

The analytical data obtained by the laboratory are used to support regulatory actions by the DEC to ensure the safety of public health.

The current laboratory staff is 10 FTEs which includes 5 microbiologists, 1 chemist, 2 technicians, 1 director, and 1 clerical. There are currently two vacancies which probably will not be filled this fiscal year.

The laboratory is located in a converted grocery store. The food safety lab has been in this location for 30 years. The building lacks the basic HVAC requirements to operate a laboratory safely. The electrical power, fire protection and security are all inadequate. The labs are severely overcrowded and the buildings configuration prevents the proper flow of people, laboratory samples, materials, chemicals etc. The food safety lab has only been able to operate in this facility because of the dedication and creativity of the staff to overcome many obstacles. The laboratory would not meet the requirements of OSHA for safe laboratory operations. The laboratory does not have an adequate HVAC system which is a basic requirement for the safe and effective operation of any laboratory. The operating conditions are such that there has to be constant vigilance on the part of the staff to ensure the validity of the data and to avoid dangerous exposure to chemicals and pathogenic bacteria. To operate a regulatory lab under these conditions is risky!

The current laboratory is approximately 7000 net sq. feet and the preliminary design for a new laboratory is approximately 35% larger. This increase is necessary to relieve existing overcrowded conditions and to meet current federal standards and industry accepted laboratory standards of practice. We also anticipate the workload in both Food and Water will increase.

We are basing this prediction on the following factors:

- a) The Food Safety Initiative and the emphasis of safe food from farm to table. This is a joint initiative between FDA, CDC, and USDA that will continue to ephasize the monitoring of the food supply to ensure it is safe from pathogenic bacteria, parasites, etc.
- b) The expanding microbiological problems with fresh produce (vegetables, sprouts, and fruit):
- c) The continuing problems with meat supply (*E. coli* 0157:H7, *Listeria monocytogenes*, and *Salmonella*:
- d) Parasites in the water supply, i.e., cryptosporidium and giardia:
- e) Marine Toxins (PSP and Domoic Acid) - The potential of dangerous levels of marine toxins is increasing. This will require increased monitoring and testing:
- f) The acquisition of molecular technology will involve a more definitive examination of microorganisms.

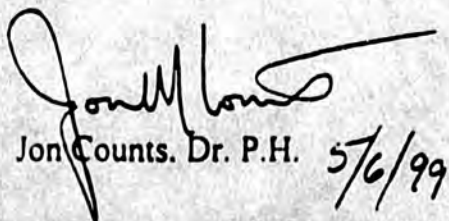
### Conclusion and Recommendations

The integration of the DEC Food Safety or the Drinking Water Lab within the new State Public Health Lab is not feasible because there is not sufficient space to accommodate these functions. The State Public Health Lab only has space for its current workload and enhancement of its current core capacity for addressing emerging infectious diseases. Therefore, we do not see any advantage in shifting a portion of the DEC Food Safety laboratory programs to the new Public Health Laboratory facility because of its mandated and program responsibilities.

Our review showed the duplication of analysis to be minimal, however, it is our strong recommendation that the two laboratories continue to collaborate to maximize the most effective use of the technical skills and equipment in both laboratories. This is particularly true in field epidemiological investigations. Both laboratories have a function in these investigations and there should be daily communications to ensure rapid dissemination of information and effective use of the personnel skills and equipment to solve the problem. Every effort should be made to avoid the acquisition of identical technology and development of similar analytical services without first examining the need for duplication.

The need for a new DEC Food Safety Lab is well documented in the "Food Safety Laboratory Feasibility Study", by the A&E firm, Livingston and Stone, Oct. 30, 1998. We agree that there is a critical need for a new laboratory to replace the Food Safety Lab in Palmer. Codes are not being met and the laboratory would fail, with significant deviations, an OSHA inspection. The safety of the analysts and the validity of results are a major concern because of lack of an adequate HVAC system and the overcrowding

Our findings were discussed at a meeting on April, 7, 1999 with Ms. Janice Adair and Mr. Richard Barett from the Division of Environmental Health, Dept. of Environmental Conservation and with Dr. Greg Hayes, Dept. of Health and Social Services, State Public Health Lab. Dr. Counts met with Dr. Peter Nakamura on the April 8th. to brief him on our findings and recommendations

  
Jon Counts, Dr. P.H. 5/6/99

 5/6/99  
John Wiskerchen



ALASKA



Division of Environmental Health

Safe Water • Safe Food • Healthy Communities

Department of  
Environmental  
Conservation

# Animal Industries Program

## Program Mission | Primary Services

### ENVIRONMENTAL HEALTH PROGRAMS

## Program Mission

*To help livestock owners raise healthy, disease-free animals for use as human food and ensure meat, poultry and dairy products are properly processed.*

The **Animal Industries** program ensures that slaughterhouses, meat processors, and dairy producers meet state and federal requirements for sanitation and good manufacturing practices, and that the products are wholesome. These rules have been established to protect the health of the consuming public. Through the inspection of dairy plants and farms in Alaska, this program helps ensure the continued sale of Alaska's dairy and meat products to the U.S. military and other public institutions.

## Primary Services

### Meat and Poultry

We permit and inspect all state meat and poultry slaughterhouses and processors, including reindeer operations, to ensure that state and federal sanitation standards are met and products are wholesome (and properly labeled.)

### Dairy Sanitation

Our program oversees producers and processors of milk and frozen desserts and inspect the sanitation conditions and equipment at the state's dairy farms and milk processing plants.

We also issue permits to dairy farms, processing plants, and haulers.

### Animal Health

We monitor domestic livestock, including reindeer herds, to ensure maintenance of disease-free status.

We provide technical assistance to the agricultural industry and the Department of Natural Resources regarding livestock disease control, including quarantines and/or destruction of diseased livestock.

We also monitor and issue permits for import and export of domestic animals and control of animal-to-animal diseases, and importation of veterinary biologics.

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Division webmaster Kristin J. Ryan email: [KRyan@envircon.state.ak.us](mailto:KRyan@envircon.state.ak.us)



ALASKA

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**Division of Environmental Health**

**Safe Water • Safe Food • Healthy Communities**

# Drinking Water and Wastewater

## How we Measure Our Performance Safe Water •

### Program mission

To ensure public water systems provide safe water, and that domestic wastewater systems, public and private, safely and effectively treat and dispose of wastewater.

The Drinking Water and Wastewater Program is responsible for ensuring that water supplied for public consumption meets minimum health standards, including those of the federal Safe Drinking Water Act. Alaska has had primary enforcement responsibility of the federal program since 1978. Engineers and specialist staff provide guidance on the design, installation and maintenance of drinking water, wastewater, and other related facilities. They review project descriptions and plans for new and modified systems to ensure that appropriate standards are met to protect human health and minimize environmental degradation. Staff also provide access to office files on local public drinking water and wastewater systems, as well as technical assistance and workshops on regulatory, engineering and public health-related issues.

### Primary services

- Ensure that suppliers test drinking water as required for regulated contaminants.
- Review contaminant monitoring test results from public water suppliers and specify corrective measures where contamination is indicated.
- Approve new public water and wastewater systems and modifications to existing ones, and provide design assistance and training for certified installers of on-lot septic systems.
- Regulate minimum health standards and procedures for design, construction and operation of Alaska's 1,700 class "A" and "B" public drinking water systems.
- Implement a rural drinking water compliance strategy to assist rural Alaska water systems in providing cost-effective safe drinking water.
- Provide information about contaminant monitoring and sampling procedures for public water systems and/or private wells.
- Respond to complaints of contaminated or damaged drinking water wells and impacted watersheds.
- Maintain a statewide database with monitoring, compliance, and enforcement information on public drinking water systems.
- Respond to confirmed waterborne disease outbreaks, incidents of

illness and overflowing sewage systems.

- Provide workshops on wellhead protection and source water assessments for communities and public water systems.

**James Weise**

**Program Manager**

Drinking Water and Wastewater Program

ADEC Div. of Environmental Health

555 Cordova Street

Anchorage, AK 99501-2617

Telephone: (907) 269-7647 Fax Number: (907) 269-7655

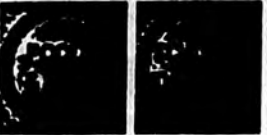
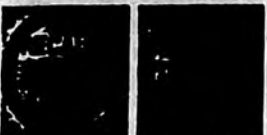
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State of Alaska | Department of Environmental Conservation |

Division of Environmental Health | Index

Division webmaster Kristin J. Ryan email: [KRyan@envircon.state.ak.us](mailto:KRyan@envircon.state.ak.us)





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SEAFOOD

## TEMPERATURES

What's Safe?

What's NOT?

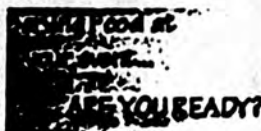
## What is Listeria?



**BOTTLING  
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Nancy Napolilli, Program Manager  
Environmental Sanitation and Food Safety  
Alaska Department of Environmental Conservation  
Email: [NNapolil@envircon.state.ak.us](mailto:NNapolil@envircon.state.ak.us)

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Webmaster Belinda Swift Email: [BSwift@envircon.state.ak.us](mailto:BSwift@envircon.state.ak.us)



Updated 11.2.98

## What Do We Do?

Among other things, the Environmental Sanitation and Food Safety Program carries out the following activities:

- Reviews plans and inspects facilities, issues permits and approvals, investigates complaints regarding public facilities and foodborne or waterborne illness, and responds to product recalls.

- Inspects over 6,000 public facilities of 11 types statewide: permanent and temporary food service facilities and bars; food stores and markets; warehouses; food processors; schools and playgrounds; public accommodations; pools and spas; barbershops/beauty shops; tattoo parlors; child care/preschool; adult residential care centers; and public showers and laundries.

- Provides technical assistance in epidemiological investigations and in design, operation and maintenance of pools and spas, school safety, indoor air quality, and food service operations.

- Ensures that foods processed, manufactured, (except seafood and meat/dairy), sold or served in Alaska are safe and wholesome.

- Protects the public from mislabelling, product substitution, and other economic frauds associated with food products.

- Ensures that public facilities maintain minimum standards of sanitation for Alaskans and visitors.

Nationwide, some 9,000 people die each year from foodborne illnesses. With

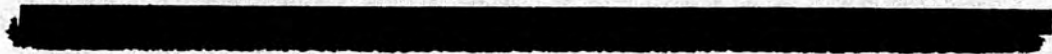


proper handling, temperature controls, and sanitation measures, these illnesses are 100-percent preventable. At-risk populations are increasing--the elderly, the young and those with immune deficiencies. This, coupled with the global nature of the food supply, means that monitoring for safety is both more important and more difficult.

In order to further protect the health and safety of Alaska citizens and our visitors, we have recently revised the Food Regulations for Alaska.

Staff are located in Ketchikan, Sitka, Juneau, Cordova, Soldotna, Anchorage, Mat-Su, Tok, Fairbanks, Bristol Bay, Kodiak, Dutch Harbor, and by contract with the Norton Sound Health Corporation in Nome.

### **ENVIRONMENTAL HEALTH OFFICES**



Nancy Napolilli, Program Manager  
Environmental Sanitation and Food Safety  
Department of Environmental Conservation  
610 University Avenue  
Fairbanks, AK 99709-3643  
Telephone: (907) 451-2110  
Fax Number: (907) 451-2188  
Email Address: [NNapolil@envircon.state.ak.us](mailto:NNapolil@envircon.state.ak.us)

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## Laboratory Services

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### ENVIRONMENTAL HEALTH PROGRAMS

Environmental Office

Drinking Water  
& Wastewater

Food  
Processing &  
Development

Food Safety

Environmental  
Protection &  
Assessment

Public Health

Community  
Development

Public  
Education

#### Mission:

To conduct chemical and microbiological sampling of food, water, and soils, and approve commercial and municipal laboratories to conduct analyses of drinking water and soil remediation.

The Food Safety lab analyzes raw, finished, and value-added food products for bacteriological, chemical and toxicological contaminants. The State Chemistry Lab analyzes solids and waters for chemical contaminants such as oil and other petroleum products, heavy metals, pesticides, inorganics and synthetic organic chemicals. Both conduct tests for drinking water.

#### Primary Services:

##### Food Safety Laboratory - Palmer

- Certify in-state laboratories for microbiological analysis of drinking water.
- Conduct product and water sampling required by the National Shellfish Sanitation Program (NSSP) to ensure that bivalve shellfish can be marketed.
- Routinely test commercial bivalve shellfish for marine toxins responsible for paralytic shellfish poisoning and domoic acid poisoning.
- Evaluate and randomly sample finfish for chemical and bacterial contaminants and parasites.
- Perform animal testing required to maintain USDA brucellosis- and TB-free certification.
- Conduct meat inspection analyses required by USDA.
- Test for equine infectious anemia in horses intended for interstate shipment or entered in state fairs or other special events.
- Evaluate raw and finished dairy products for bacterial contamination, antibiotics, butter fat content, and efficiency of pasteurization.
- Conduct on-site evaluations of, and certify, drinking water laboratories and operators for bacteriological monitoring.

##### State Chemistry Laboratory - Juneau

- Certify in-state and out-of-state laboratories for chemical analysis of drinking water and accreditation for underground storage tank remediation.



- Provide general analytical testing for inorganic (metals, nitrate, nitrite, fluoride, and etc.) and organic (volatiles, semi-volatiles) compounds in a variety of soils, sediments, sludges, waters and tissues.
- Perform tests needed for enforcement of water quality permits, of soils and waters around sites and industrial facilities, and sites of leaking underground storage tank remediation, and spill source matching.

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## Pesticide Services

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### ENVIRONMENTAL HEALTH PROGRAMS

[Air Quality](#)

[Drinking Water](#)  
[Wastewater](#)

[Endangered  
Species and  
Reclamation](#)

[Field Office](#)

[Environmental  
Protection &  
Food Safety](#)

[Hazardous](#)

[Hazardous  
Waste](#)

[Hazardous  
Materials](#)

## Mission:

To monitor and ensure the proper and safe use of pesticides to prevent adverse effects on human health, wildlife and the environment.

## Primary Services:

- Training and certifying pesticide applicators
- Marketplace inspections
- Groundwater and endangered species - protection from pesticide contamination
- Agricultural Worker Protection Standard (WPS)
- Restricted-Use Pesticide *Recordkeeping*
- Proper use, storage and disposal (pdf)
- Permits for aerial, aquatic, and public pesticide projects

### How we Measure Our Performance

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Healthy  
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Division webmaster Kristin J. Ryan email:

[KRyan@envircon.state.ak.us](mailto:KRyan@envircon.state.ak.us)



## **Seafood Processing and Development**

### **Program Mission**

**To work with shellfish growers and seafood processors to produce safe and wholesome seafood products that are properly labeled.**

Consumption of seafood has reached an all-time high, and Alaska is the source for nearly 50% of all seafood processed in the United States. Inspection staff are located in Ketchikan, Sitka, Juneau, Cordova, Soldotna, Anchorage, Bristol Bay, Kodiak and Dutch Harbor. Together they inspect nearly 900 land-based and floating process facilities, and over 30 certified shellfish growing and harvesting areas.

### **Primary Services**

- o Ensure that all seafood processed or grown in Alaska is safe and wholesome.
- o Protect the public from decomposition, mislabelling and other economic frauds associated with seafood.
- o Review all construction and facility plans for design problems that could result in sanitation and processing hazards.
- o Issue permits requiring processors to follow state seafood regulations.
- o Inspect seafood processing facilities, including the wide variety of value-added processing, for potential public health or food hygiene problems - with frequency based on public health risk associated with process type.

### **How we Measure Our Performance**

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# Solid Waste Management

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[Drinking Water  
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[Food  
Processing &  
Development](#)

[Solid Waste](#)

[Environmental  
Protection &  
Pollution](#)

[Pesticides](#)

[Laboratory  
Services](#)

[Animal  
Diagnostics](#)

## Disposal topics

- [Landfill Permit for Fort Yukon, word 6.0, Adobe Acrobat - pdf](#)
- [Hazardous Waste](#)
- [Used Alkaline Batteries](#)
- [Used Antifreeze](#)
- [Used Oil](#)

## Program Mission

To work with municipalities, private businesses and industrial companies toward improved environmental management and protection at Alaska's landfills.

Every day an estimated six pounds of garbage is thrown away by the average Alaskan. That adds up to more than 3.5 million pounds per day, and is nearly twice the daily average of the rest of the United States. Improper solid waste disposal can cause severe densities of disease-carrying mosquitos, flies and rodents. It can pollute the air and drinking water sources and can attract wild animals such as bears and foxes.

## Primary Services

- Prevent improper disposal of solid waste by issuing permits for the approximately 450 disposal facilities, including municipal landfills, landspreading of sewage sludge, disposal of contaminated soils, and land disposal of industrial wastes such as oilfield drilling muds.
- Annually inspect 150 landfills for compliance with permit conditions and regulations.



- Provide practical, hands-on advice to small towns and villages to help them improve community solid waste management.
- Work with owners of closed landfill sites to ensure that actions are taken to prevent contamination and protect public health and the environment.

#### How we Measure Our Performance

|                                                                                              |                                                                                               |                                                                                                            |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Safe Water  | Safe Food  | Healthy <br>Communities |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|

**Heather Stockard**

Program Manager.

Solid Waste Management

ADEC Div. of Environmental Health

410 Willoughby Avenue, Ste 105

Juneau, AK 99801-1795

Telephone: (907) 465-5162 Fax Number: (907) 465-5164

Email: [hstockar@envircon.state.ak.us](mailto:hstockar@envircon.state.ak.us)

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Division webmaster Kristin J. Ryan email: [KRyan@envircon.state.ak.us](mailto:KRyan@envircon.state.ak.us)

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# Safe Water

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[Primary Activities](#) | [Expected Outcomes](#) | [Performance Measures](#) | [Current Results](#)

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- 400,000 Alaskans use 2,811 public water systems relying on groundwater as their source, while over 234,000 people use 489 public water systems relying on surface water.
- 95% of Alaska's public water systems serve less than 500 persons.
- Public Water Systems are required to test for bacteria, nitrate, and other contaminants daily, monthly, quarterly, or annually depending on their water source and potential for contamination.
- Approximately 50% of Alaskan homes outside of Anchorage have on-lot septic systems.
- Coliform is the most frequent contaminant of drinking water. Incidents have decreased since the late 1980's from around 300 per year to just 39 in 1998. This is due to improved design, maintenance, and operation of water and sewage facilities.
- Based on monitoring results, chemical contamination incidents of groundwater appear to be on the rise, particularly in the railbelt and localized urban areas. Chemicals include petroleum products, dry-cleaning products, and nitrates from septic systems.

**EH Programs  
that Contribute  
To Safe Water:**

Drinking Water  
And Domestic Wastewater

Food Safety Laboratory

Chemistry Laboratory

Environmental Sanitation  
And Food Safety

Seafood Processing  
And Development

Pesticides



| <b>Primary Activities</b>                                                         | <b>Outputs</b>                                                                                     |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Establish design, construction, and operation standards                           | Appropriately designed and constructed systems                                                     |
| Review water and domestic wastewater system construction plans                    | Compliance with design standards                                                                   |
| Review financial, managerial, and technical capacity for all public water systems | Public water systems capable of continued operations                                               |
| Require and track contaminant monitoring                                          | Water within acceptable contaminant levels (safe to drink)                                         |
| Conduct inspections and sanitary surveys                                          | Compliance with construction and operating standards                                               |
| Work with public water system owners and protect drinking water sources           | Reduction in potential contamination at the source and operators to appropriately designed systems |
| Certify commercial laboratories that test drinking water                          | Accurate water test results                                                                        |

### **Expected Outcomes**

- Increase in public water systems with chemical and biological contaminants that consistently measure below levels of public health concern as established by EPA.
- Increase in properly operating domestic wastewater systems.

### **Performance Measures**

- Decrease in the number of people affected by boil water notices.
- Percent increase of public water systems in substantial compliance with contaminant monitoring requirements.
- Percent decrease of public water systems with at least one maximum contaminant level violation.

- Number of domestic wastewater systems with approved plans failing in the first 3 years of operations.
- Decrease in number of commercial labs that fail compliance performance evaluations.

### **Results For Calendar Year 1998**

- 39 boil water notices were issued in 1998, affecting 9,908 people. 41 boil water notices were issued in 1997, affecting 2,513 people.
- 98% of Alaska's larger public water systems are in compliance with federal requirements for chemical and coliform bacteria monitoring requirements. That's an increase of 5.8% from 1997.
- The percent of public water systems with at least one maximum contaminant level violation in 1998 will be available at the end of March. In 1997 and 1996, 3% of public water systems had at least one maximum contaminant violation.
- The number of domestic wastewater systems with approved plans failing in the first 3 years of operation was not collected in 1998.
- The number of commercial labs that failed compliance performance evaluations is not available yet.

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# Safe Food

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**Primary Activities | Expected Outcomes | Performance Measures | Current Results**

- Currently, there are 3,021 food service establishments, 805 food markets, 154 food processors, 352 school kitchens, and 500 temporary food services in Alaska.
- Alaska is the source of 56% of all seafood processed in the U.S.
- Alaska harvests approximately 5 billion pounds of seafood annually. In 1998, 765 seafood processing permits were issued.
- There are 10 milk producers, 2 milk processors, and 22 meat processors in Alaska, including the only permitted reindeer slaughter facility in the United States.
- Nationwide, nearly 10,000 people die each year from foodborne illnesses.
- Based on the risks food facilities pose to public health, they should be inspected once to 4 times per year. Our average inspection is once every 18 to 24 months.

**EH Programs that  
Contribute  
to Safe Food:**

Environmental  
Sanitation  
And Food Safety

Seafood Processing  
And Development

Dairy Processing

Meat and Poultry  
Inspections

Food Safety Laboratory

Drinking Water  
and Domestic  
Wastewater

Animal Health

Pesticides

| <b>Primary Activities</b>                                          | <b>Outputs</b>                                                                |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Establish facility requirements;<br>review and approve plans       | Reduction in potential for unsanitary<br>conditions and contamination of food |
| Approve shellfish growing areas                                    | Reduced likelihood of PSP<br>contamination                                    |
| Establish criteria for livestock<br>imports and care               | Healthy animals for food production                                           |
| Conduct inspections                                                | Compliance with requirements                                                  |
| Operator/processor education                                       | Fewer critical violations                                                     |
| Laboratory testing of food products<br>and shellfish growing water | Verify safety of food products                                                |
| Participate in recalls                                             | Removing unsafe food products from<br>commerce                                |
| Investigate reports of foodborne and<br>waterborne illnesses       | Find and correct the cause of the<br>illness                                  |
| Provide technical/consultative<br>assistance                       | Increase in compliance                                                        |

### **Expected Outcomes**

- Reduce violations that can cause foodborne illness and affect food wholesomeness.
- Inspect facilities according to the public health risks they pose based on the type of food, preparation, or processing.
- Educated workforce in food industry regarding food safety issues.

### **Performance Measures**

- Percent decrease in violations that affect food safety and wholesomeness.
- Number of pounds of food products detained or destroyed before reaching the consumer because of contamination or incorrect processing.



- Percent increase of inspections according to risk-based inspection frequency.
- Number of approved harvesting areas closed because of PSP levels.
- Number of reported illnesses or deaths associated with inspected food products.
- Percent increase in firms with an implemented HACCP plan that adequately addresses hazards associated with process. (Voluntary for retail service, became mandatory for seafood processors in 1998. HACCP has also become mandatory for meat processors starting calendar year 1999.)

### **Results For Calendar Year 1998**

- Percent of critical violations at inspected food service establishments decreased from 49% in 1997 to 46% in 1998. 72% of meat and poultry processing facilities inspected in 1998 had a critical violation. The seafood program's database is being redesigned to collect violation data for future reporting. However, 178 compliance actions for food safety violations were taken in 1998.
- Because of contamination or incorrect processing, 680,006 pounds of food products were detained, and 234,442 pounds destroyed before reaching consumers in 1998. No shellfish were destroyed after harvesting, due to PSP. In 1997, 1,934,175 pounds of food was detained and 866,489 pounds were destroyed. Two lots of shellfish were also destroyed due to PSP.
- In 1998, we inspected 2,988 high risk facilities (risk levels 2,3, and 4), which is 26% of what was needed according to our risk-based inspection frequency protocol.
- 1 commercial shellfish area remains restricted--harvesting of all species except butterclams is allowed --due to elevated levels of PSP. No new closures were instituted in 1998.
- There were no reported deaths associated with inspected food products in 1998. However, there were 3 reported illnesses. In 1997 there were 12 illnesses and 1 death. (DEC does not collect this information. The source of this data is the Section of Epidemiology, Division of Public Health.)
- All 765 seafood processors are required to perform a Hazard Analysis or implement a HACCP Plan. However, the percent that have sufficient

HACCP Plans in place is not available yet. HACCP is still voluntary for Alaska's retail food industry but will become mandatory for meat processors in 2000.

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## Healthy Communities

Primary Activities | Expected Outcomes | Performance Measures | Current Results

- Alaska has 94 pools and spas, 147 pre-schools, 236 child and adult residential facilities, 536 schools, and 108 public toilets, washeterias, and laundromats.
- Public facilities such as schools serve multiple purposes in many communities.
- 88% of the Class I, 50% of the Class II, and 18% of the Class III municipal solid waste landfills were permitted in 1998.
- Of the 2,419 known contaminated sites, an estimated 75 were once landfills.
- There are 1,080 pesticide operators in the state certified to use Restricted-Use Pesticides.
- An average of 8 pesticide permits are issued each year for mosquito, black fly, and spruce bark beetle control.
- Over 854 agricultural and greenhouse workers have received pesticide safety training.
- In FY98, 412 wastewater inspections occurred. 260 were investigations of complaints of raw sewage on the ground, down from 614 in FY97. Pathogens in human sewage include salmonella, E. Coli, vibrio (the bacteria causing cholera), Polio virus, Hepatitis A virus, and *cryptosporidium*.
- Approximately 50% of Alaskans outside of Anchorage rely on on-lot septic systems for sewage

**EH Programs that  
Contribute to Healthy  
Communities:**

Solid Waste  
Management

Drinking Water  
and Domestic  
Wastewater

Environmental Sanitation  
and Food Safety

Pesticides

State Chemistry Lab

Animal Health

Food Safety Laboratory

disposal.

| <b>Primary Activities</b>                                                              | <b>Outputs</b>                                                                                                                                         |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review and approve facility plans                                                      | Facilities in compliance with requirements                                                                                                             |
| Provide technical/consultative assistance                                              | Increase in compliance                                                                                                                                 |
| Certify and train pesticide applicators                                                | Reduction in improper pesticide use                                                                                                                    |
| Establish solid waste sites closure criteria; review and approve plans                 | Fewer inactive solid waste facilities that become contaminated sites                                                                                   |
| Conduct inspections                                                                    | Monitor compliance with solid waste, environmental sanitation and pesticide requirements                                                               |
| Establish facility requirements (i.e. solid waste and public facilities)               | Reduction in unsanitary and unsafe conditions in public facilities; solid waste facilities that can effectively handle waste without causing pollution |
| Accredit private laboratories that conduct analysis of environmental cleanup projects. | Accurately measure levels of pollution in water and soil.                                                                                              |

### **Expected Outcomes**

- Prevent groundwater and surface water contamination from solid waste leachate.
- Prevent the creation of contaminated sites from improper waste disposal.
- Reduce wildlife access to solid waste sites.
- Reduce human exposure to disease and disease vectors from solid waste sites.
- Safe and sanitary public facilities.
- Educated workforce on the safe and proper use and storage of pesticides.



### **Performance Measures**

- Percent decrease of critical violations in inspected public facilities that affect the health or safety of the public.
- Increase in percentage of landfills with permit or an alternative to a permit.
- Percent increase of landfills with an inspection score of 80 or higher.
- Decrease in number of pesticide use complaints.
- Increase in percentage of pesticides registered for sale in Alaska.
- Increase in the number of agricultural and greenhouse workers trained in pesticide safety.
- Decrease in number of commercial labs that fail compliance performance evaluations.

### **Results For Calander Year 1998**

- The percent of critical violations at inspected public facilities decreased from 77% in 1997 to 59% in 1998.
- 29% of Alaska's landfills were permitted in 1998. That's an increase of 7% from 1997.
- 54% of the landfills inspected in 1998 had an inspection score of 80 or higher. That's a decrease of 10% from 1997.
- 15 complaints related to pesticide use were investigated in 1998. That's a decrease of 6 from 1997.
- 1,800 pesticides were registered in Alaska this year. 1998 was the first year of the registration process.
- In FY 98, 130 agricultural and greenhouse workers were trained in pesticide safety. That's a decrease of 143 from FY 97. However, training is required every 3 years.

- The number of commercial labs that failed compliance performance evaluations is not available yet.

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## Appendix II

Dec Subcommittee Meeting  
Commission on Privatization  
Meeting Date: 9/16  
Meeting Time: 1:30pm 1/2  
Number of Pages: 20

## Alaska Hazards Ranking Model

May, 1999

|                                          |                         |                        |
|------------------------------------------|-------------------------|------------------------|
| Post-It™ brand fax transmittal memo 7871 |                         | # of pages = <u>20</u> |
| To <u>San Ward</u>                       | From <u>MAN SINDY</u>   |                        |
| Co.                                      | Co. <u>D. E. C.</u>     |                        |
| Dept.                                    | Phone # <u>965-5355</u> |                        |
| Fax # <u>269-0109</u>                    | Fax # <u>465-5367</u>   |                        |

**Modified by ADEC May 2, 1993**



**Alaska Hazards Ranking Model (AHRM)**

This document provides instruction on how to assign values to the different elements of this model. Data elements encompassed by this model include a measure of substance toxicity and quantity, information on releases which may have occurred, information on use of surface water and ground water, and potential exposures from site access, air, ground water and surface water contamination. In addition, the potential for impacts to environmental resources is considered.

The equations by which these factors are combined follow the description of the factors. The scoring methodology has been developed such that, if a site has too many "unknowns", a score will not be computed until more information is collected. Information must be available for certain data elements in order to score a site. The model contains instructions for assigning values to unknown data elements. However, using the default values for too many unknown elements produces a score that does not adequately distinguish sites relative characteristics. Therefore, in order to score a site, a minimum combination of the following data elements are needed: toxicity; quantity; and air, ground water and surface water exposure indices.

If both the toxicity and quantity data elements are unknown, a site cannot be scored. The nature of the hazard present at a site cannot be adequately reflected by this model without some direct evidence of the type and quantity of substances present.

If all the exposure indices are unknown, a site cannot be scored. The risk posed by a site cannot be adequately characterized without information for at least one route of exposure. The "unknown" values used by the model to perform this test include:

|             |    |                        |     |
|-------------|----|------------------------|-----|
| Question #: | 1  | Toxicity               | 2.1 |
|             | 2  | Quantity               | 2.1 |
|             | 5  | Air Exposure           | 0.2 |
|             | 8  | Ground Water Exposure  | 0.4 |
|             | 10 | Surface Water Exposure | 0.4 |

"Unknown" values are listed in parentheses next to the field label in the AHRM. In addition to these elements, release information has a possible "unknown" value of 0.2. The five elements tabulated above, as well as release, form the six possible unknowns for purpose of this process.

Site scoring is performed based on site information present in ADEC files. These files should reflect the latest known conditions at a site, any actions which have been taken to control releases, or any engineering controls which have been installed to prevent releases or exposure to site contaminants. In general, a site undergoing remediation should not result in a higher score than it received before remediation began, because of the treatment it is receiving, unless through the process, more severe or extensive contamination is discovered.

This model does not directly score human health impacts, but rather the potential for impacts. It is hoped that the human portion of this model will address human health impacts before causing

death. If a death or documented human health impacts were to occur, which were linked to a site, it is assumed that an emergency response would be undertaken, regardless of a site's score.

A number of sites consist of a drinking water well in which some chemical compound, such as benzene, has been detected, and for which the source is unknown. For consistency, values for sites with these circumstances should be assigned as follows:

|              |                               |
|--------------|-------------------------------|
| Toxicity     | From Table 1 for the chemical |
| Quantity     | 2.1 = Unknown                 |
| Site Access  | 0 = Underground               |
| Air Exposure | 0.2 = Unknown                 |

## SUBSTANCE FACTORS

1. **Toxicity:** The toxicity data element is assigned a value based on the class or type of hazardous substance, or when known, the specific chemical. If the chemical class is known, use the values in the table below. If the specific chemical is known, use the values in Table 1 to assign a toxicity value. Do not attempt to score petroleum products on individual substances such as benzene, toluene, or xylene; use the table below. If unknown substances are present at the site assign a value of 2.1.

If more than one substance is present, use the one present above cleanup guidelines that will score the highest substance factor (= Toxicity x Quantity x Release). If the substance scoring the highest will not rank due to unknown exposure values, use a lower toxicity substance which has known exposure values and will generate a score.

For a site with multiple contaminants, use the value assigned to the compound that will provide the highest score for the site. Consider both compounds, and the quantity assigned to each, in selecting values through the rest of the model. For instance, if a large quantity of diesel fuel is being used as the basis for scoring, and a lesser amount of chlorinated solvents, perhaps from an unknown source, is detected in ground water (but no diesel constituents), score ground water exposure as a 0.0, and answer "yes" for multiple contaminants. After doing this, use chlorinated solvents with the lesser quantity, indicating groundwater being contaminated, and "yes" for multiple contaminants. Compare the two scores and select the highest.

|    | <u>Value</u> | <u>Toxicity</u>                                                                                |
|----|--------------|------------------------------------------------------------------------------------------------|
| a. | 4            | Chlorinated solvents, other halogenated hydrocarbons, synthetic chlorinated organic pesticides |
| b. | 3            | Metals, gasoline, aviation gasoline ("avgas") naphtha, non-chlorinated pesticides              |



- c. 2.1 Unknown substances
- d. 2 Diesel fuel, jet fuels, (JP-4, JP-5), kerosene, non-chlorinated phenols, non-chlorinated solvents, crude oil
- e. 1 Waste lubricating oils, heavy fuel oils (No. 6 etc.), inorganic acids/bases, tar

Note: Assign a value of 2 to drilling muds, based on the expected low levels of petroleum compounds and some metals.

If waste lubrication oils have been documented to contain levels of metals or chlorinated compounds which pose a greater risk than posed by the oil itself, assign the higher toxicity value.

TABLE 1  
TOXICITY VALUES  
(Adapted from Sax, 1984)

| <u>Chemical/Compound</u>    | <u>Value</u> | <u>Chemical/Compound</u>   | <u>Value</u> |
|-----------------------------|--------------|----------------------------|--------------|
| Acenaphthene                | 2            | Heptachlor                 | 4            |
| Acetone                     | 2            | Hexachlorobenzene          | 4            |
| Aldrin                      | 4            | Hydrochloric Acid          | 1            |
| Ammonia                     | 3            | Hydrogen Sulfide           | 1            |
| Aniline                     | 4            |                            |              |
| Anthracene                  | 2            | Kelthane                   | 3            |
| Arsenic                     | 3            | Kepone                     | 4            |
| Arsenic Trioxide            | 3            |                            |              |
| Asbestos                    | 2            | Lead                       | 3            |
|                             |              | Lindane                    | 4            |
| Barium                      | 3            |                            |              |
| Benzene                     | 3            | Magnesium & Compounds, NOS | 3            |
| Benzo(a)pyrene              | 1            | Manganese & Compounds, NOS | 3            |
| Beryllium & Compounds, NOS  | 3            | Mercury                    | 3            |
| Bis (2-Chloroethyl) Ether   | 4            | Mercury Chloride           | 3            |
| Bis (2-Ethylhexy Phthalate) | 2            | Methoxychlor               | 4            |
| Bromodichloromethane        | 4            | Methylene Chloride         | 4            |
| Bromoform                   | 4            | Methyl Ethyl Ketone        | 2            |
| Bromomethane                | 4            | Methyl Isobutyl Ketone     | 2            |
|                             |              | Mirex                      | 3            |
| Cadmium                     | 3            |                            |              |
| Carbon Tetrachloride        | 4            | Naphtahalene               | 3            |
| Chlordane                   | 4            | Nickel & Compounds, NOS    | 3            |

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|                               |              |                                      |              |
|-------------------------------|--------------|--------------------------------------|--------------|
| Chlorobenzene                 | 4            | Nitric Acid                          | 1            |
| Chloroform                    | 4            |                                      |              |
| Chlorophenol                  | 4            | Parathion                            | 3            |
| Chromium                      | 3            | Pentachlorophenol (PCP)              | 4            |
| Copper & Compounds, NOS       | 3            | Phenanthrene                         | 3            |
| Creosote                      | 2            | Phenol                               | 2            |
| Cyanides (soluble salts), NOS | 2            | Polychlorinated Biphenyls (PCB), NOS | 4            |
| Cyclohexane                   | 2            |                                      |              |
| DDE                           | 4            | 2, 4-D, Salts & Esters               | 4            |
| DDT                           | 4            | Selenium                             | 3            |
| Dibromochloromethane          | 4            | Sevin (Carbaryl)                     | 3            |
| 1, 2-Dibromo, 3-Chloropropane | 4            | Sodium Cyanide                       | 2            |
| Di-n-Butyl-Phthalate          | 2            | Sulfuric Acid                        | 1            |
| Dichlorobenzene, NOS          | 4            |                                      |              |
| Dichloroethane                | 4            | 2, 4, 5-T                            | 4            |
| Dichloroethylene, NOS         | 4            | Tetrachloroethane, NOS               | 4            |
| 2, 4-Dichlorophenol           | 4            | 1,1,2, 2-Tetrachloroethane           | 4            |
| Dieldrin                      | 4            | Tetraethyl Lead                      | 3            |
| 2, 4-Dinitrotulene            | 3            | Toluene                              | 2            |
| Dioxin                        | 4            | Trichlorobenzene                     | 4            |
|                               |              | 1, 1, 1-Trichloroethane              | 4            |
| Endrin                        | 4            | Trichloroethene                      | 4            |
| Ethylbenzene                  | 3            |                                      |              |
| <u>Chemical/Compound</u>      | <u>Value</u> | <u>Chemical/Compound</u>             | <u>Value</u> |
| Ethylene Dibromide            | 4            | Vinyl Chloride                       | 3            |
| Ethylene Glycol               | 1            |                                      |              |
|                               |              | Xylene                               | 2            |
| Fluorine                      | 4            |                                      |              |
| Formaldehyde                  | 3            | Zinc & Compounds, NOS                | 3            |
| Formic Acid                   | 3            |                                      |              |

2. **QUANTITY:** The quantity of hazardous substances at the site should be estimated to assign a value for substance quantity. It is acknowledged that this number will often not be precisely known. The waste quantity value should be assigned for the quantity of material disposed or spilled at the site, if known. It is important to assign quantity based on the source of contamination (i.e., the spilled volume or the amount of contaminated soil), not the extent of the plume of contaminated ground water resulting from the site. To accommodate sites where cleanup has been performed, quantity is defined as quantity exceeding applicable cleanup levels (where appropriate).

a. **Tanks and Drums:** If wastes are in drums, use the number of gallons of waste, in drums, where known, to assign the quantity value. Where only the number of drums is known



(not how full they are), use the number of drums to assign the quantity value.

If wastes (which do not include new petroleum products in underground or above ground tanks) are present in tanks, use the quantity of the tank contents, if known, or the total tank capacity, to assign a value based on the tank volume in gallons. Also use spilled gallons if an estimate of spilled volume is available.

- b. **Underground Tanks:** If the tank or tanks have failed an integrity test and no other information on presence or absence or quantity of a release is available, assign an unknown quantity.

If the site is a leaking underground tank or tank(s) where quantity spilled is not known but soil borings are available, determine the area of contamination by estimating the area encompassed by borings encountering contamination, then use this area (in ft<sup>2</sup>) to assign the waste quantity value.

In a situation (such as a gas station or above ground tank farm) where multiple tanks containing diesel and gasoline are present, use the following methods to determine quantity: 1) if scoring based on integrity testing with multiple failed tanks, use an unknown quantity and use the highest toxicity substance present; 2) if scoring based on soil/water samples and lab testing (or spill history) has not identified whether the contaminant is gasoline or diesel, use the total surface area of contaminated soil and an unknown toxicity. Do not attempt to guess whether the contaminant which has actually been released is gasoline or diesel based on benzene or xylene concentrations in soil or water; 3) if both gasoline and diesel have been identified, then use total quantity and the highest toxicity substance; and 4) if quantity is unknown and the site would not rank using an unknown toxicity, use the higher toxicity value substance.

- c. **Contaminated Soil:** Use cubic yards or tons for contaminated soil remaining in the ground (when this amount of detail is known) and for waste piles. Otherwise, calculate area in square feet as described above for "underground tanks". In general, unless a report has already calculated a total yardage of waste remaining in the ground, make an estimate based on area (i.e., the ranker should not perform a calculation of area times depth). If the contaminated soil has been entirely removed from the ground and the site, the site will still receive a quantity value of 1, the smallest possible. Do not, when the soil (which was the source of contamination) has been removed, score quantity on the extent of ground water contamination. If the stockpile of removed contaminated soil is still on site, but covered, score quantity based on what remains in the ground, not on stockpile size. If the stockpile is entirely uncovered, score on the stockpile quantity (if greater than what remains in ground), and assign a site access value based on the potential for contact with the stockpile.
- d. **Sites with Multiple Sources or Contaminants:** For sites with multiple sources or contaminants (see definition in item 14) use the quantity for the compound used to select

the toxicity value, not the total quantity of wastes present at the site.

- e. **Unknown Quantity:** If the quantity spilled or disposed at the site is not known, estimate the areal extent of surface contamination based on well data, soil data, or visual evidence of surface contamination. If the value for waste quantity cannot be determined from available information or estimated by any of these methods, a value of 2.1 should be assigned. The scorer should assign a value for waste quantity wherever possible.

|    | <u>Value</u> | <u>Quantity</u>                                                                                                                                        |
|----|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 1            | <10 drums or 549 drum or tank gallons, <500 spilled gallons, <100 cubic yards or tons, <100 ft <sup>2</sup>                                            |
| b. | 2            | 10-99 drums or 550-5,499 drum or tank gallons, 500-9,999 spilled gallons, 100-499 cubic yards or tons, 100-9,999 ft <sup>2</sup>                       |
| c. | 2.1          | Unknown quantity                                                                                                                                       |
| d. | 3            | 100-999 drums or 5,500-54,999 drum or tank gallons, 10,000-39,999 spilled gallons, 500-1,999 cubic yards or tons, 10,000-43,559 ft <sup>2</sup>        |
| e. | 4            | >or= 1,000 drums or >or= 55,000 drum or tank gallons, >or= 40,000 spilled gallons, >or= 2,000 cubic yards or tons, >or= acre (43,560 ft <sup>2</sup> ) |

3. **RELEASE INFORMATION:** This element differentiates between sites, i.e. 1) Where releases are known to have occurred, and 2) Where waste is present, at which releases have not necessarily occurred. A value for release information should be assigned that reflects the overall potential for past or ongoing releases, or information on documented releases based on activities ongoing at the site.

If partial remediation has occurred, the release value should be assigned based on remaining contamination. For sites with multiple contaminants, assign a value for the compound used to assign the toxicity and quantity values. For sites where the problem consists of oil leaked or discharged down a water well, score a release value of 1.0 even if later test results show the well is clean on the presumption that the oil has migrated in the subsurface away from the well (unless complete and thorough cleanup is documented).

|    | <u>Value</u> | <u>Release Information</u>                                                                                                                                                                                       |
|----|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 1.0          | Documented (i.e., requires test results) releases of contamination due to disposal practices or failure of containment at the site, <u>regardless of quantity</u> , and regardless of whether this is current or |



historical data.

- b. 0.5 Containment/management practices that may pose a significant threat to human or environmental receptors, but no documentation of contamination by observations or test results. Drums stored on bare ground qualify for this value, regardless of their condition. This value should be used if cleanup has been performed, but completion of cleanup has not been documented by analytical results. Use of a field screening technique such as a photo ionization detector to verify cleanup does not qualify as "analytical results". In this case, the site would receive a quantity value of 2.1 (unknown), whatever site access value it would normally receive if wastes were still present, and an air release value of 0.2 (unknown) unless other evidence or air release is available.
- c. 0.2 Unknown potential for site release, or off-site contamination not clearly linked to the site. Assign this value if limited test results suggest that contamination is not present above cleanup levels, but the number of samples is not representative of the size of the site involved.
- d. 0.1 Documented absence of releases at the site at the present time. This value should be used if cleanup (intended to be complete, as opposed to partial) has been performed and contaminant levels are below cleanup guidelines, or if no cleanup has been performed and sampling has shown that contaminant levels are not above cleanup guidelines. If site has been cleaned up, do not score a 1.0 for release because there once was a release, unless there is still an impact such as ground water contamination.

## HUMAN TARGETS

4. **SITE ACCESS:** A value is assigned for this data element based on the potential for exposure to hazardous substances at the site through direct contact. Direct contact exposures are considered a potential pathway where wastes or releases of wastes/constituents are present at the surface and some possibility of access to the materials exists. Where wastes are underground (such as an UST site with no surface manifestation), this data element should be given a value of zero. If a site has both an UST problem and a surface contamination problem from tank overfills, then the presence of surface contamination justifies a site access value greater than zero. However, if the surface contamination is a separate problem, from say, waste oil, this element will still have a value of zero, and the site will receive the "multiple sources or contaminants" multiplier of 1.2 to account for the separate waste oil

problem.

Contact with contaminated ground water or surface water (which are the effect, not the source of contamination) is not the basis for assigning a site access value. With respect to complete control of access, a site with wastes present at the surface should receive a zero value only if the fence is continuously locked and no one works or is present inside the fence (other than cleanup workers). A military base will generally receive a value of 1 for partial access control.

|    | <u>Value</u> | <u>Site Access</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 3            | <u>School is present</u> within 500 feet of the site, <u>AND</u> site access is uncontrolled or partially controlled, <u>AND</u> wastes are present at the surface.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| b. | 2            | Access to the site is <u>uncontrolled</u> ; there are no security measures or barriers in place to restrict entry <u>AND</u> wastes, discharges of wastes or waste components are <u>present at the surface</u> where direct contact may occur.                                                                                                                                                                                                                                                                                                                                                                                                                              |
| c. | 1            | Access to the site is <u>partially controlled</u> through the use of fences or other security devices, <u>OR</u> the site is located in an area where <u>surrounding features</u> partially restrict site access (e.g., fences of adjacent facilities, highway overpasses, remote locations, cliffs, etc.). Note that a site receives this value for "remote location" only if the population density (element 6) receives a value of zero. <u>Assign a site access value of 1 if contaminated soil (that is presumed to be covered) has been excavated and is stockpiled on site.</u> Also assign this value for soils being bioremediated above ground, even if uncovered. |
| d. | 0            | Underground tank, <u>OR</u> waste not present at the surface, <u>OR</u> access to the site is <u>completely controlled</u> through the use of security devices such as fences, <u>locked</u> gates, guarded access points, etc., and no wastes or discharges are migrating on the surface of the ground outside of the controlled access of the site, or wastes are entirely underground.                                                                                                                                                                                                                                                                                    |

5. **AIR EXPOSURE INDEX:** This data element considers the potential for populations to be exposed via air release of hazardous substances. It includes the potential for both volatile and particulate (i.e., dust) releases. A site should not receive a 1.0 score unless it presents a clear human health concern. A site with particulate contaminants (i.e. lead) above standard cleanup levels in surface soils would receive a 1.0 score if human exposure routes are present. Normal venting of petroleum product tanks, drums or landfill gases is assigned the



lowest value, 0.1. Generally assign a value of 0.1 for substances which are entirely underground, and for air emissions from air strippers, vapor extraction systems, bioremediation or other regulated remedial actions. Presence of soil gases, as detected by a soil gas survey, does not qualify a site for any value higher than 0.1. If it is unknown whether wastes are present at the ground surface to potentially result in air releases the site will receive a value of 0.1. The values should be assigned as follows:

|    | <u>Value</u> | <u>Air Exposure Index</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 1.0          | A documented (i.e., note in file) particulate release or large, ongoing releases of volatile organic compounds from the site have been confirmed, based on monitoring data, spill reports, direct observation (blowing dust, colored gases, odors), etc.                                                                                                                                                                                                                                                                                                                                                          |
| b. | 0.2          | Release may have occurred at the site, based on existing physical evidence. The presence of stained ground, particulate contaminants, or volatile-contaminated soil at the ground surface is sufficient to assign a value of 0.2. Include entirely uncovered stockpiles of excavated soil containing volatile organic compounds.                                                                                                                                                                                                                                                                                  |
| c. | 0.1          | No releases have been identified at the site, and information on waste management practices and containment indicate no substantial possibility for unregulated releases to have occurred at the site. Assign this value where the contamination is entirely underground. This value should be used for sites where normal venting of petroleum tanks, drums or landfills occurs, or for sites where particulates are present and some fugitive emissions occur during normal operations. It should also be used for stockpiles known to have been covered. Surface contamination by tar receives a value of 0.1. |

6. **POPULATION:** Value assignments are provided for two population-based data elements. One data element is for the predominant land use classification inside a one mile radius of the facility that reflects the population density of nearby areas that may be affected by the site. An additional data element issued to identify sites where dwellings or occupied buildings are in close proximity to the site, reflecting potential human receptors that may be more susceptible to exposure from any air releases from the site.

| <u>Value</u> | <u>Population Density within 1 mile</u> |
|--------------|-----------------------------------------|
|--------------|-----------------------------------------|

- a. 10 Urban residential use inside a one mile radius of the site. (Generally in or adjacent to urban areas with a population greater than 35,000 people; apartment buildings, condos, multiplexes predominate along with single family houses on lots < 1/4 acre; high density downtown residential areas typical of larger cities such as Anchorage, Fairbanks, or Juneau).
- b. 8 Suburban residential areas (lot sizes generally 1/4 to 1 acre), OR cities with populations between 35,000 and 2,000 people, OR industrial/commercial areas of a city that are inside a one mile radius of the site.
- c. 5 Villages (population of less than 2,000 people) OR low density housing areas (one unit per acre), OR low density commercial areas inside a one mile radius of the site, OR areas with few permanent residents, but intensive seasonal use.
- d. 3 Rural areas with some occupied buildings or dwellings within one mile of the site, with no villages or associated commercial industrial areas inside a one mile radius of the site.
- e. 0 Isolated areas with no population present within one mile.

7. **POPULATION PROXIMITY:** count workers at or adjacent to the site, residents of the military barracks or lodges, and students at a school. Exclude cleanup workers at the site.

- |    | <u>Value</u> | <u>Proximity</u>                                                                 |
|----|--------------|----------------------------------------------------------------------------------|
| a. | 1            | Occupied buildings or dwellings known to be present within 500 feet of the site. |
| b. | 0.5          | No occupied buildings or dwellings are present within 500 feet of the site.      |

8. **GROUND WATER USAGE:** This data element requires the judgement of the scorer and the knowledge of the predominant water usage in the local area. Well log reviews or house-to-house well searches are not expected or anticipated at this level ranking. (NOTE: Assign the appropriate value if a drinking water supply well within one mile of the site has been abandoned due to the site contamination.

- |    | <u>Value</u> | <u>Ground Water Use</u>                                                                                                                                                           |
|----|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 1.0          | <u>Majority</u> of population served by <u>municipal</u> or other than public water supply wells servings more than 25 individuals which are located within one mile of the site. |



- b. 0.8 Majority of population served by community or private wells located within one mile of the site. Assign this value, based on presumed ground water use, if there is a reasonable population in the area and they are known not to be served by a piped water system originating more than one mile from a site. A community water system is defined as any system providing water to more than one residential dwelling unit, factory, office building, etc., serving up to 25 individuals.
- c. 0.4 Most of the population is served by drinking water supplies originating greater than a mile from the site, OR no known wells within one mile, but the possibility of the use of ground water as a supply of drinking water exists (i.e., houses are known to be in the area but another source of supply is available and it is not known if they are connected).
- d. 0.1 Ground water is not available as a drinking water supply (due to natural causes such as salinity high dissolved solids, etc.) or it has been documented that ground water is not used. Sites with a population density value of zero will generally receive a ground water use value of 0.1.

9. GROUND WATER EXPOSURE INDEX: The exposure index for ground water is assigned a value based on the documented contamination due to releases from the site. If there is documented floating product or soil contamination at the ground water table, contamination is presumed to exist (assign a minimum value of 1.0) Other than this exception, do not assign a value other than 0.4, "unknown", for contamination assumed to exist, and not documented. If a water supply well is contaminated and is currently not in use, score based on the fact that it is available for use (i.e. assign value >1.0).

|    | <u>Value</u> | <u>Exposure Index</u>                                                                                                                                                                                                                                                                                   |
|----|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 4.0          | Documented contamination of drinking water supplies <u>at the tap, exceeding the MCL</u> , due to releases of hazardous substances or components from the table.                                                                                                                                        |
| b. | 2.0          | Documented contamination of drinking water supplies <u>at the tap, not exceeding the MCL</u> , due to releases of hazardous substances or components from the site. Assign this value where drinking water supplies are contaminated at the tap by substances for which MCLs have not been promulgated. |

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- c. 1.0 Ground water contamination has been detected (or is presumed present due to documented presence of contaminated soil or floating product at the water table), but actual contamination at the tap has not been documented. Assign this value for contamination that has only been detected in ground water monitoring wells.
- d. 0.4 Unknown whether ground water contamination exists, either at the tap or in the ground water serving as a source.
- e. 0.0 Ground water is documented to be free of contamination by a monitoring well at the site, OR site and waste characteristics indicate low potential for contamination of ground water (absence of releases; small releases totally cleaned up, with documentation that soil at base of excavation above ground water was not contaminated; low permeability soils; deep aquifers; no potential for drinking water development (such as shallow active layer water overlying permafrost on the North Slope or because insignificant amount of water present); or hydrologic barriers or flow patterns, if sufficiently defined, indicate no risk). Do not assign this value based on "low potential" unless the site meets one of the criteria above; if in doubt, assign 0.4 for "unknown". In general, do not assign a 0.0 during the initial screening ranking based on the site being down gradient of the well(s) based solely on regional data.

10. SURFACE WATER USE: The value for surface water use is assigned based on the current and potential use of surface water as a source of drinking water within one mile of the site. If the surface water body is a flowing stream, consider only intakes/users downstream of the site.

|    | <u>Value</u> | <u>Surface Water Use</u>                                                                                                                                                                                                                                                                   |
|----|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 1.0          | Surface water is used as a drinking water source supplied by intakes within one mile of the site. (NOTE: assign this value if surface drinking water supplies within one mile of the site have been abandoned due to site contamination.)                                                  |
| b. | 0.5          | Use of surface water as a source of drinking water from intakes within a one mile radius of the site is <u>unknown</u> , but is <u>likely</u> .                                                                                                                                            |
| c. | 0.2          | Use of surface water as a source of drinking water from intakes within a one mile radius of the site is <u>unknown</u> , but is <u>unlikely</u> (i.e., known use of ground water wells), <u>OR</u> , no use of surface water within a one mile radius of the site. Sites with a population |



density of zero will generally receive a surface water use value of 0.2.

11. **SURFACE WATER EXPOSURE INDEX:** The exposure index for surface water is assigned a value based on the documented or potential contamination of drinking water sources due to releases from the site. **If surface water is not a drinking water source, or a proposed drinking water source use a value of 0.** Note that contamination must be present at the ground surface (as opposed to underground) to have a surface water exposure index greater than 0 (i.e., leaking underground storage tank problems will generally have a surface water exposure index value of zero, unless there is documented migration route to surface water from the underground soils surrounding the tank). Assign sites with covered stockpiles of excavated contaminated soils a zero for surface water exposure. If the surface water is a flowing stream, only consider contamination downstream of the site.

|    | <u>Value</u> | <u>Exposure Index</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 4.0          | Documented contamination of surface water drinking water supplies <u>at the tap, exceeding the MCL</u> , due to releases of hazardous materials or components from the site.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| b. | 2.0          | Documented contamination of surface water drinking water supplies <u>at the tap, not exceeding the MCL</u> , due to releases of hazardous materials or components from the site. Assign this value where drinking water supplies are contaminated at the tap by substances for which MCLs have not been promulgated.                                                                                                                                                                                                                                                                                                   |
| c. | 1.0          | Surface contamination has been detected at a drinking water source, but actual contamination <u>at the tap</u> has not been documented. A sheen or floating product or a seep of oil to a surface water body serving as a drinking water source would receive at least this value.                                                                                                                                                                                                                                                                                                                                     |
| d. | 0.4          | Unknown whether surface water contamination exists <u>either</u> at the tap or in the surface water serving as a source.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| e. | 0.0          | Surface water is not being used as a drinking water source <u>OR</u> surface water is documented to be free of contamination, <u>OR</u> site and waste characteristics indicated low potential for contamination of surface water (absence of releases, topographic barriers between the site and the surface water body, <u>absence of surface contamination available for surface runoff</u> , i.e., leaking underground storage tank contamination, covered soil stockpiles, or bioremediation piles presumed to have containment). <b>Do not</b> assign this value based on "low potential" unless this site meets |

one of the criteria above; if in doubt, assign 0.4 for number.

## ENVIRONMENTAL TARGETS

12. **SURFACE WATER ENVIRONMENTS:** Fresh and marine water environments and wetlands have been selected as a category for environmental targets because they provide important habitats for fish and shellfish spawning and rearing, bird migration, nesting and feeding areas, marine mammal habitat, important habitats for other aquatic wildlife and they support the base for many food chains. Wetlands are defined by inundated or saturated soil conditions that are the result of periodic or permanent inundation by ground water or surface water, or by a prevalence of vegetation adapted to those soil conditions.

A value is assigned based on the presence of a fresh or marine water environment within 1/4 mile of the site. Use a USGS topographic map to determine the presence of surface water environments; wet tundra should be considered a wetland.

|    | <u>Value</u> | <u>Surface Water Environment</u>                                                                                                                                                                                                                                                                                                                                        |
|----|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 5            | Fresh and marine waters or wetlands present within 1/4 mile of the site, <u>and</u> evidence exists of death or stress to fish or wildlife which is strongly suspected to be the result of the presence of hazardous substances.                                                                                                                                        |
| b. | 3            | Fresh or marine waters or wetlands present within 1/4 mile of the site, <u>and</u> evidence exists of death or stress to plant life which is strongly suspected to be the result of the presence of hazardous substances, <u>OR</u> a sheen, floating product or a seep of oil to a surface water body as a result of the presence of hazardous substances is observed. |
| c. | 2            | Fresh or marine waters or wetlands present within 1/4 mile of the site, <u>but no evidence</u> exists of death or stress to fish, wildlife or plant life which is strongly suspected to be the result of the presence of hazardous substances.                                                                                                                          |
| d. | 0            | No fresh or marine waters or wetlands present within 1/4 mile of the site.                                                                                                                                                                                                                                                                                              |

13. **ENVIRONMENTAL/RECREATION AREAS:** Environmental/Recreation areas include named State game reserves, refuges and sanctuaries; State parks and campgrounds; municipal parks and park reserves; National parks, preserves, wilderness areas, monuments, recreation areas and refuges; National Historic sites; and National Forests. For the purpose of this ranking model, "environmental/recreation area" is synonymous with "critical terrestrial



environment" defined in 18 AAC 75.630 (1). This does not include simply any area used for recreation, such as a fishing stream (which receives a value under the previous data element, Surface Water Environments). The presence of environmental areas that are or may be affected by the contaminated site is used to select the value for this data element as follows:

|    | <u>Value</u> | <u>Environmental Area</u>                                                                                                                                                                                                                                                                                               |
|----|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 5            | The site <u>is in</u> an environmental/recreation area <u>and evidence</u> exists of death or stress to wildlife which is strongly suspected to be the result of the presence of hazardous substances (fish are not considered since they would already have been considered in the Surface Water Environment element). |
| b. | 3            | The site <u>is in</u> an environmental/recreation area <u>and evidence</u> exists of death or stress to plant life which is strongly suspected to be the result of the presence of hazardous substances.                                                                                                                |
| c. | 2            | The site <u>is in</u> an environmental/recreation area <u>and no evidence</u> exists of death or stress to wildlife or plant life which is strongly suspected to be the result of the presence of hazardous substances.                                                                                                 |
| d. | 0            | The site is not an environmental/recreation area.                                                                                                                                                                                                                                                                       |

14. OBSERVED ENVIRONMENTAL IMPACTS: If you have answered "0" to both questions 11 and 12, responses a. or b. may apply below. Use these data elements only when there are documented impacts to environmental receptors WHICH ARE NOT WITHIN 1/4 MILE OF SURFACE WATERS OR LOCATED WITHIN AN ENVIRONMENTAL/RECREATION AREAS. Otherwise, your response will be c. (A0").

|    | <u>Value</u> | <u>Environmental Impacts</u>                                                                                                                            |
|----|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | 5            | <u>Evidence</u> of death or stress to fish or wildlife is present which is strongly suspected to be the result of the presence of hazardous substances. |
| b. | 3            | <u>Evidence</u> of death or stress to plant life is present which is a strongly suspected to be the result of the presence of hazardous substances.     |
| c. | 0            | <u>No evidence</u> of death to wildlife or plant life is present which is strongly suspected to be the result of the presence of hazardous substances.  |

15. SITES WITH MULTIPLE SOURCES OR CONTAMINANTS: Determine if multiple

contaminants are present at the site. If the response of this is YES, the final score will be multiplied by 1.2 to reflect additional risks posed. If there are not, the final score will not be adjusted.

|    | <u>Value</u> | <u>Contaminants</u>                                                                                           |
|----|--------------|---------------------------------------------------------------------------------------------------------------|
| a. | y            | Yes, there are multiple contaminants or contaminant sources.                                                  |
| b. | n            | No, multiple contaminants or sources are not present.<br><u>Note:</u> An= must be entered as lower case only. |

Sites with multiple contaminants may be defined as the following:

- Sites with multiple classes of contaminants, or multiple specific chemicals (where known). Does not apply to fuels, see below.
- If wastes are in containers (drums), and different compounds are in other containers. In this case, only the quantity of the compound with the selected highest toxicity is used. If compounds are mixed in the same way containers and total quantity is used with the highest toxicity, then the multiple contaminant multiplier is not applied.
- Sites where spills have occurred which are geographically isolated (generally by hundreds of feet or acres). Multiple spills from a single tank farm would be considered a single site.
- Sites which occur within the same property boundary, but are geographically isolated (generally by hundreds of feet or acres).

Examples of sites which are not scored as having multiple contaminants include the following:

- Sites with a single contaminant.
- Underground or above ground oil spills where multiple petroleum products (e.g., gasoline and diesel) have been released and have commingled in the same area. Sites with both gasoline/diesel and waste oil releases generally will be scored as multiple contaminant sites, on the presumption that the waste oil tank is geographically separated from the main body of the gasoline/diesel spill.
- Sites with drilling mud (even though it might contain both metals and hydrocarbons).
- Sites with waste oil (even though it might contain metals or chlorinated compounds), on the assumption that the highest toxicity compound will be used for scoring, if documented to be present.



- Sites where the other contaminant(s) is present at levels less than the applicable cleanup level (i.e., a trace of PCB's was detected in waste oil-contaminated soil).
- Sites with unknown but suspected multiple contaminants.
- Sites where multiple spills have occurred which are geographically co-located (a small piece of property with several oil stains that are not contiguous).

**RANKING EQUATIONS**

Presented below are the equations used to calculate a ranking score:

$$\text{Ranking Score} = \text{Substance Factor} \times (\text{Human Target} + \text{Environmental Target})$$

where:

$$\text{Substance Factor} = \text{Toxicity} \times \text{Quantity} \times \text{Release}$$

$$\text{Human Target} = (\text{Site Access} + \text{Air Target Population} + \text{Adj. Ground Water Use} + \text{Adj. Surface Water Use})$$

$$\text{Air Target Population} = \text{Air Exp. Index} \times \text{Pop. w/in 1 mile} \times \text{Pop. w/in 500 feet}$$

$$\text{Adj. Ground Water Use} = \text{Ground Water Use} \times \text{Ground Water Exposure Index} \times \text{Pop. w/in 1 mile}$$

$$\text{Adj. Surface Water Use} = \text{Surface Water Use} \times \text{Surface Water Exposure Index} \times \text{Pop. w/in 1 mile}$$

$$\text{Environmental Target} = \text{Surface Water Environments} + \text{Environmental Recreation Areas}$$

OR, if above = 0, then = Observed Effects

If there are multiple contaminants, multiply Ranking Score by 1.2.



LTN1100-R01  
08/18/99

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 01  
15:02:00

TCN: 90850 DATE & TIME: 08/18/99 10:00 TO 12:00 STATUS:6 ADJOURNED

\*\*\*\* ORDER SUMMARY \*\*\*\*

SPONSOR: HPRI JOINT COMMISSION ON PRIVATIZATION CHAIRS: COWDERY  
PURPOSE: WRK WORK SESSION LEGISLATIVE  
CONTACT: ANNETTE TEL#: (907)269-0222  
CHAIRING SITE: KENAI LIO 145 MAIN ST LOOP ZZZ  
TOLL FREE: DIAL-UP: LIO: (907)258-8772

SPONSOR REMARKS(PUB): TESTIMONY:I INVITATION ONLY 99 MINUTE LIMIT  
SEE COMMITTEE SCHEDULE IN BASIS

SPONSOR REMARKS(LIO): BACKUP MATERIAL:N MEETING IN PROGRESS:N MAX. SITES:10  
ID=57742

TCN REQUESTED ON 08/18/99 AND HAS 4 UPDATES

\*\*\*\* AGENDA \*\*\*\*

1 DEC SUBCOMMITTEE

\*\*\*\* PARTICIPATING LIOS \*\*\*\*

|                 |                       |                |
|-----------------|-----------------------|----------------|
| ANC ANCHORAGE   | 716 W 4TH, #200       | LOCATION STAFF |
| FBX FAIRBANKS   | 119 N CUSHMAN ST      | LOCATION STAFF |
| JNU JUNEAU      | GOLDSTEIN #319 GLD319 | LOCATION STAFF |
| * KEN KENAI LIO | 145 MAIN ST LOOP      | LOCATION STAFF |
| KTN KETCHIKAN   | 50 FRONT ST #203      | LOCATION STAFF |

PARTICIPANTS IN:ANCHORAGE ANC

|      |       |           |      |    |                                      |
|------|-------|-----------|------|----|--------------------------------------|
| 1 MR | BOB   | GILFILIAN | PEPP | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
| 2 MR | VERN  | MCCABLE   | MOA  | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
| 3 MR | GREG  | HORNER    |      | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
| 4 MS | SALLY | SMITH     | ADEC | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
| 5 MR | KEITH | BUCKLIN   |      | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
| 6 MR | DEE   | HIGH      |      | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
| 7 MR | GREG  | MAGEE     |      | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |

PARTICIPANTS IN:FAIRBANKS FBX

|       |                         |            |                        |    |                                            |
|-------|-------------------------|------------|------------------------|----|--------------------------------------------|
| 1 MR. | RICK                    | VAN HATTEN | SUBCMTE MEMBER         | AK | TSFY. DEC SUBCOMMIT<br>99705 (907)488-4524 |
|       | PO BOX 56536            |            | NORTH POLE             |    |                                            |
| 2 MS. | RYNNIEVA                | MOSS       | REP. COGHILL OFF       | AK | TSFY. DEC SUBCOMMIT<br>99701 (907)456-5081 |
|       | 119 N. CUSHMAN, STE 211 | FAIRBANKS  |                        |    |                                            |
| 3 MS. | DANIELLE                | SERINO     | REP. COGHILL OFF OBSV. | AK | TSFY. DEC SUBCOMMIT<br>99701 (907)456-5081 |
|       | 119 N. CUSHMAN, STE 211 | FAIRBANKS  |                        |    |                                            |

PARTICIPANTS IN:JUNEAU JNU

|   |                |         |        |    |                                      |
|---|----------------|---------|--------|----|--------------------------------------|
| 1 | MICHAEL        | CONWAY  | DEC    | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
|   | 410 WILLOUGHBY |         | JUNEAU |    |                                      |
| 2 | GREG           | CAPITO  | DEC    | AK | TSFY. DEC SUBCOMMIT<br>(907)000-0000 |
|   | 410 WILLOUGHBY |         | JUNEAU |    |                                      |
| 3 | ANGIE          | SCHMITZ |        |    | TSFY. DEC SUBCOMMIT                  |

LTN1100-R01

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 02

08/18/99

15:02:00

TCN: 90850

DATE & TIME: 08/18/99 10:00 TO 12:00 STATUS:6 ADJOURNED

PARTICIPANTS IN:JUNEAU

JNU

RM 504 STATE CAPITOL

AK

(907)000-0000

PARTICIPANTS IN:KENAI LIO

KEN

1 MR. JERRY BROOKMAN

TSFY. DEC SUBCOMMIT

715 MUIR AVE.

KENAI

AK 99611 (907)283-9329

2 MR. GUS ANDRES

OBSV. DEC SUBCOMMIT

43630 STRAWBERRY RD.

KENAI

AK 99611 (907)283-9003

3 MR. VIRGIL NORTON

TSFY. DEC SUBCOMMIT

PO BOX 141796

ANC

AK 99514 (907)776-5481

PARTICIPANTS IN:KETCHIKAN

KTN

1 MR. KYLE

JOHANSEN

REP. WILLIAMS

TSFY. DEC SUBCOMMIT

AK

(907)000-0000

\*\*\*\* UPDATES \*\*\*\*

|    |          |          |                             |          |
|----|----------|----------|-----------------------------|----------|
| 01 | 08/12/99 | 10:23:42 | ANNOUNCING TELECONFERENCE   |          |
| 02 | 08/12/99 | 12:52:58 | ADDED DEC SUBCOMMITTEE      |          |
| 02 | 08/12/99 | 12:52:59 | DROPPED D.E.C. SUBCOMMITTEE |          |
| 03 | 08/13/99 | 15:49:51 | KETCHIKAN                   | ADDED ON |
| 04 | 08/18/99 | 09:05:25 | ANCHORAGE                   | UPDATED  |
| 04 | 08/18/99 | 09:05:26 | KENAI LIO                   | UPDATED  |



## ***legislative fiscal analyst overview of the governor's request***

### **DEPARTMENT OF ENVIRONMENTAL CONSERVATION FUNDING SUMMARY**

|                                  | <b>GF</b>       | <b>Other</b>    | <b>Federal</b>  | <b>Total</b>    |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>FY99 Conference Committee</b> | <b>12,703.7</b> | <b>20,644.3</b> | <b>13,430.7</b> | <b>46,778.7</b> |
| <b>FY98 COLA</b>                 | <b>31.1</b>     | <b>73.3</b>     | <b>32.1</b>     | <b>136.5</b>    |
| <b>FY99 Authorized</b>           | <b>12,734.8</b> | <b>20,717.6</b> | <b>13,462.8</b> | <b>46,915.2</b> |
| <b>Fund Change</b>               | <b>188.6</b>    | <b>-188.6</b>   |                 | <b>0.0</b>      |
| <b>Transfers In</b>              | <b>4,175.3</b>  | <b>240.4</b>    | <b>597.3</b>    | <b>5,013.0</b>  |
| <b>Transfers Out</b>             | <b>-4,175.3</b> | <b>-240.4</b>   | <b>-597.3</b>   | <b>-5,013.0</b> |
| <b>FY00 Adjusted Base</b>        | <b>12,923.4</b> | <b>20,529.0</b> | <b>13,462.8</b> | <b>46,915.2</b> |
| <b>Increments</b>                | <b>530.0</b>    | <b>745.9</b>    | <b>1,150.0</b>  | <b>2,425.9</b>  |
| <b>FY00 Governor Request</b>     | <b>13,453.4</b> | <b>21,274.9</b> | <b>14,612.8</b> | <b>49,341.1</b> |

| <b>Position Summary</b>          | <b>PFT</b> | <b>PPT</b> | <b>Tmp</b> |
|----------------------------------|------------|------------|------------|
| <b>FY99 Conference Committee</b> | <b>488</b> | <b>5</b>   | <b>4</b>   |
| <b>FY99 Authorized</b>           | <b>488</b> | <b>5</b>   | <b>4</b>   |
| <b>FY00 Adjusted</b>             | <b>488</b> | <b>5</b>   | <b>4</b>   |
| <b>Increments</b>                | <b>15</b>  |            |            |
| <b>FY00 Governor</b>             | <b>503</b> | <b>5</b>   | <b>4</b>   |

## Agency Totals - FY00 Operating Budget

Agency: Department of Environmental Conservation

|                                | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |             |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|-------------|
| <b>Totals for Agency</b>       | <b>46,255.5</b> | <b>46,778.7</b> | <b>46,915.2</b> | <b>49,341.1</b> | <b>48,529.2</b> | <b>46,840.2</b> | <b>47,394.8</b> | <b>479.6</b>         | <b>1.0%</b> |
| <u>Objects of Expenditure:</u> |                 |                 |                 |                 |                 |                 |                 |                      |             |
| Personal Services              | 27,966.1        | 30,146.0        | 30,282.5        | 31,209.7        | 30,872.3        | 29,264.9        | 29,949.8        | -332.7               | -1.1%       |
| Travel                         | 1,718.4         | 2,627.4         | 2,627.4         | 2,726.2         | 2,697.1         | 2,457.4         | 2,669.1         | 41.7                 | 1.6%        |
| Contractual                    | 13,507.6        | 11,022.9        | 11,022.9        | 12,327.3        | 12,128.8        | 10,914.5        | 10,594.5        | -428.4               | -3.9%       |
| Commodities                    | 761.6           | 869.9           | 869.9           | 891.6           | 885.5           | 874.5           | 884.5           | 14.6                 | 1.7%        |
| Equipment                      | 808.4           | 589.2           | 589.2           | 663.0           | 635.2           | 590.2           | 610.2           | 21.0                 | 3.6%        |
| Lands/Buildings                | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                  | %           |
| Grants, Claims                 | 1,493.4         | 1,523.3         | 1,523.3         | 1,523.3         | 1,523.3         | 3,238.7         | 3,238.7         | 1,715.4              | 112.6%      |
| Miscellaneous                  | 0.0             | 0.0             | 0.0             | 0.0             | -213.0          | -500.0          | -552.0          | -552.0               | %           |
| <u>Funding Sources:</u>        |                 |                 |                 |                 |                 |                 |                 |                      |             |
| 1002 Fed Rcpts                 | 10,847.9        | 13,430.7        | 13,462.8        | 14,612.8        | 14,612.8        | 14,612.8        | 14,612.8        | 1,150.0              | 8.5%        |
| 1003 G/F Match                 | 3,106.0         | 3,190.2         | 3,200.1         | 3,350.1         | 3,200.1         | 3,200.1         | 3,200.1         | -0.0                 | -0.0%       |
| 1004 Gen Fund                  | 7,259.7         | 6,931.2         | 6,943.8         | 7,312.4         | 5,788.5         | 5,352.7         | 5,731.3         | -1,212.5             | -17.5%      |
| 1005 GF/Prgm                   | 2,516.3         | 2,582.3         | 2,590.9         | 2,790.9         | 3,477.9         | 2,006.9         | 3,138.9         | 548.0                | 21.2%       |
| 1007 I/A Rcpts                 | 3,801.8         | 888.8           | 891.9           | 826.6           | 826.6           | 891.9           | 891.9           | 0.0                  | 0.0%        |
| 1018 EVOSS                     | 923.0           | 629.7           | 630.2           | 630.2           | 630.2           | 630.2           | 630.2           | 0.0                  | 0.0%        |
| 1036 Cm Fish Ln                |                 | 175.0           | 175.0           | 0.0             | 175.0           | 0.0             | 175.0           | 0.0                  | 0.0%        |
| 1052 Oil/Haz Fd                | 12,239.9        | 12,411.1        | 12,444.6        | 12,444.6        | 12,444.6        | 12,217.4        | 12,293.6        | -151.0               | -1.2%       |
| 1053 Invst Loss                | 88.9            |                 | 13.6            | 0.0             | 0.0             | -0.0            | 0.0             | -13.6                | -100.0%     |
| 1061 CIP Rcpts                 | 2,145.8         | 2,380.9         | 2,389.6         | 2,951.0         | 2,871.0         | 2,034.7         | 2,218.5         | -171.1               | -7.2%       |
| 1075 Clean Wtr                 | 431.2           | 445.2           | 446.3           | 455.3           | 455.3           | 455.3           | 455.3           | 9.0                  | 2.0%        |
| 1079 Storg Tank                | 833.6           | 852.0           | 854.7           | 854.7           | 854.7           | 854.7           | 854.7           | 0.0                  | 0.0%        |
| 1093 Clean Air                 | 1,801.2         | 2,131.3         | 2,139.6         | 2,139.6         | 2,139.6         | 2,139.6         | 2,139.6         | 0.0                  | 0.0%        |
| 1100 ADWF                      |                 | 277.6           | 277.6           | 518.4           | 518.4           | 518.4           | 518.4           | 240.8                | 86.7%       |
| 1108 Stat Desig                | 260.2           | 452.7           | 454.5           | 454.5           | 534.5           | 1,925.5         | 534.5           | 80.0                 | 17.6%       |
| <u>Positions:</u>              |                 |                 |                 |                 |                 |                 |                 |                      |             |
| Perm Full Time                 | 476.0           | 488.0           | 488.0           | 503.0           | 493.0           | 471.0           | 477.0           | -11.0                | -2.3%       |
| Perm Part Time                 | 12.0            | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 5.0             | 0.0                  | 0.0%        |
| Non-Perm                       | 4.0             | 4.0             | 4.0             | 4.0             | 4.0             | 4.0             | 4.0             | 0.0                  | 0.0%        |



# Component Summary - FY00 Operating Budget

Agency: Department of Environmental Conservation

| Page                                      | Budget Component                                  | FY98 Act | FY99 CC  | FY99Auth | Gov Amd  | House    | Senate   | ConfComm | FY99Auth to ConfComm |         |
|-------------------------------------------|---------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------------------|---------|
| <b>Administration</b>                     |                                                   |          |          |          |          |          |          |          |                      |         |
| 1                                         | Office of the Commissioner                        | 411.3    | 390.6    | 391.8    | 391.8    | 391.8    | 391.8    | 391.8    | -0.0                 | -0.0%   |
| 2                                         | Administrative Services                           | 6,294.3  | 3,451.5  | 3,464.2  | 3,528.2  | 3,459.3  | 2,838.1  | 3,338.1  | -126.1               | -3.6%   |
| 3                                         | Exxon Restoration                                 | 923.0    | 629.7    | 630.2    | 630.2    | 630.2    | 630.2    | 630.2    | 0.0                  | 0.0%    |
| 4                                         | Unallocated Reduction                             |          |          |          |          | -213.0   | -266.6   | -213.0   | -213.0               | 0.0%    |
|                                           | * BRU Total                                       | 7,628.6  | 4,471.8  | 4,486.2  | 4,550.2  | 4,268.3  | 3,593.5  | 4,147.1  | -339.1               | -7.6%   |
| <b>Environmental Health</b>               |                                                   |          |          |          |          |          |          |          |                      |         |
| 5                                         | Environmental Health Director                     | 166.3    | 167.9    | 168.4    | 168.4    | 168.4    | 168.4    | 168.4    | 0.0                  | 0.0%    |
| 6                                         | Animal Industries                                 | 588.1    | 695.5    | 697.9    | 0.0      | 0.0      | 0.0      | 0.0      | -697.9               | -100.0% |
| 7                                         | Seafood & Sanitation Inspect'n                    | 3,060.8  | 2,773.2  | 2,783.3  | 0.0      | 0.0      | 0.0      | 0.0      | -2,783.3             | -100.0% |
| 8                                         | Food Safety & Sanitation                          |          |          |          | 3,811.2  | 3,481.2  | 3,481.2  | 3,142.2  | 3,142.2              | %       |
| 9                                         | Laboratory Services                               | 2,024.4  | 2,250.6  | 2,259.3  | 2,232.7  | 2,232.7  | 2,232.7  | 2,232.7  | -26.6                | -1.2%   |
| 10                                        | Drinking Water                                    | 1,998.9  | 3,756.7  | 3,764.6  | 3,864.6  | 3,814.6  | 3,814.6  | 3,814.6  | 50.0                 | 1.3%    |
| 11                                        | Solid Waste Management                            |          |          |          | 1,078.3  | 1,078.3  | 1,078.3  | 1,078.3  | 1,078.3              | %       |
| 12                                        | Municipal Solid Waste                             | 826.6    | 737.5    | 740.1    | 0.0      | -0.0     | 0.0      | 0.0      | -740.1               | -100.0% |
| 13                                        | Industrial Solid Waste                            |          | 310.8    | 311.6    | -0.0     | -0.0     | -0.0     | -0.0     | -311.6               | -100.0% |
|                                           | * BRU Total                                       | 8,665.1  | 10,692.2 | 10,725.2 | 11,155.2 | 10,775.2 | 10,775.2 | 10,436.2 | -289.0               | -2.7%   |
| <b>Statewide Public Services</b>          |                                                   |          |          |          |          |          |          |          |                      |         |
| 14                                        | Statewide Public Services                         | 3,291.9  | 1,787.4  | 1,801.5  | 1,751.5  | 1,751.5  | 1,751.5  | 1,751.5  | -50.0                | -2.8%   |
|                                           | * BRU Total                                       | 3,291.9  | 1,787.4  | 1,801.5  | 1,751.5  | 1,751.5  | 1,751.5  | 1,751.5  | -50.0                | -2.8%   |
| <b>Air and Water Quality</b>              |                                                   |          |          |          |          |          |          |          |                      |         |
| 15                                        | Air and Water Director                            | 324.4    | 461.3    | 462.1    | 462.1    | 462.1    | 462.1    | 462.1    | 0.0                  | 0.0%    |
| 16                                        | Air Quality                                       | 4,013.9  | 4,825.4  | 4,840.2  | 4,840.2  | 4,840.2  | 4,840.2  | 4,840.2  | 0.0                  | 0.0%    |
| 17                                        | Water Quality                                     | 4,541.4  | 4,765.0  | 4,777.3  | 6,157.3  | 6,007.3  | 4,211.9  | 4,291.9  | -485.4               | -10.2%  |
|                                           | * BRU Total                                       | 8,879.7  | 10,051.7 | 10,079.6 | 11,459.6 | 11,309.6 | 9,514.2  | 9,594.2  | -485.4               | -4.8%   |
| <b>Non-Point Source Pollution Control</b> |                                                   |          |          |          |          |          |          |          |                      |         |
| 18                                        | Non-Pt Source Pollution Contrl                    |          |          |          |          |          | 1,715.4  | 1,715.4  | 1,715.4              | %       |
|                                           | * BRU Total                                       | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 1,715.4  | 1,715.4  | 1,715.4              | %       |
| <b>Spill Prevention and Response</b>      |                                                   |          |          |          |          |          |          |          |                      |         |
| 19                                        | Spill Prevention/Response Dir.                    | 191.3    | 192.6    | 193.1    | 193.1    | 193.1    | 193.1    | 193.1    | 0.0                  | 0.0%    |
| 20                                        | Contaminated Sites                                | 4,395.9  | 4,899.2  | 4,911.6  | 4,911.6  | 4,911.6  | 0.0      | 0.0      | -4,911.6             | -100.0% |
| 21                                        | Storage Tank Program                              | 1,799.0  | 2,302.8  | 2,310.2  | 2,375.5  | 2,375.5  | 0.0      | -0.0     | -2,310.2             | -100.0% |
| 22                                        | Industry                                          | 2,373.8  | 2,398.8  | 2,407.8  | 2,342.5  | 2,342.5  | 2,407.8  | 2,407.8  | 0.0                  | 0.0%    |
| 23                                        | Preparedness&Pipeline<br>Prevention and Emergency | 2,755.0  | 3,102.2  | 3,109.9  | 3,109.9  | 3,109.9  | 3,109.9  | 3,109.9  | 0.0                  | 0.0%    |

## Component Summary - FY00 Operating Budget

Agency: Department of Environmental Conservation

| Page | Budget Component                            | FY98 Act        | FY99 CC         | FY99Auth        | Gov Amd         | House           | Senate          | ConfComm        | FY99Auth to ConfComm |             |
|------|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|-------------|
|      | <b>Spill Prevention and Response</b>        |                 |                 |                 |                 |                 |                 |                 |                      |             |
|      | Resp                                        |                 |                 |                 |                 |                 |                 |                 |                      |             |
| 24   | Response Fund Administration                | 2,100.2         | 2,185.5         | 2,185.5         | 2,185.5         | 2,185.5         | 1,642.1         | 1,642.1         | -543.4               | -24.9%      |
|      | * BRU Total                                 | 13,615.2        | 15,081.1        | 15,118.1        | 15,118.1        | 15,118.1        | 7,352.9         | 7,352.9         | -7,765.2             | -51.4%      |
|      | <b>Contaminated Sites Program</b>           |                 |                 |                 |                 |                 |                 |                 |                      |             |
| 25   | Contaminated Sites Program                  |                 |                 |                 |                 |                 | 6,443.4         | 6,703.4         | 6,703.4              | %           |
|      | * BRU Total                                 | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 6,443.4         | 6,703.4         | 6,703.4              | %           |
|      | <b>Local Emergency Planning Committees</b>  |                 |                 |                 |                 |                 |                 |                 |                      |             |
| 26   | Local Emergency Planning Comm               |                 |                 |                 |                 |                 | 543.4           | 543.4           | 543.4                | %           |
|      | * BRU Total                                 | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 543.4           | 543.4           | 543.4                | %           |
|      | <b>Facility Construction and Operations</b> |                 |                 |                 |                 |                 |                 |                 |                      |             |
| 27   | Facility Construc./Operations               | 4,175.0         | 4,694.5         | 4,704.6         | 5,306.5         | 5,306.5         | 5,150.7         | 5,150.7         | 446.1                | 9.5%        |
|      | * BRU Total                                 | 4,175.0         | 4,694.5         | 4,704.6         | 5,306.5         | 5,306.5         | 5,150.7         | 5,150.7         | 446.1                | 9.5%        |
|      | <b>*** Total Agency Expenditure</b>         | <b>46,255.5</b> | <b>46,778.7</b> | <b>46,915.2</b> | <b>49,341.1</b> | <b>48,529.2</b> | <b>46,840.2</b> | <b>47,394.8</b> | <b>479.6</b>         | <b>1.0%</b> |
|      | Federal Funds                               | 10,847.9        | 13,430.7        | 13,462.8        | 14,612.8        | 14,612.8        | 14,612.8        | 14,612.8        | 1,150.0              | 8.5%        |
|      | General Funds                               | 12,882.0        | 12,703.7        | 12,734.8        | 13,453.4        | 12,466.5        | 10,559.7        | 12,070.3        | -664.5               | -5.2%       |
|      | Other Funds                                 | 22,525.6        | 20,644.3        | 20,717.6        | 21,274.9        | 21,449.9        | 21,667.7        | 20,711.7        | -5.9                 | -0.0%       |



9-1-99 - MARCO

## Department of Environmental Conservation, Division of Environmental Health

Report to Privatization Commission September 1<sup>st</sup>, 1999

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### What Is Environmental Health?

The Division of Environmental Health is comprised of ten programs in five budget components that work together with Alaskans to provide safe water, safe food, and healthy communities.

### What is our Mission?

The mission of the EH is to prevent and control public health nuisances by establishing standards of cleanliness and sanitation for water, solid waste, and food, where a lack of sanitation may create a condition that causes disease.

In other words our mission is: Safe Water, Safe Food, Healthy Communities.

### Components and Programs

Director's Office (\$168.4)

Drinking Water & Wastewater (\$3,814.6)

Food Safety & Sanitation (\$3,142.2)

- Food Safety and Sanitation
- Office of the State Veterinarian

Laboratory Services (\$2,232.7)

- Laboratory Services
- Pesticides

Solid Waste Management (\$1,078.3)

### How is Environmental Health funded?

The Division of Environmental Health is primarily funded by general funds. Two-thirds of our operating budget - 64% - is general funds. One-third - 34% - is federally funded and 65% of those federal dollars support the Drinking Water Program.

#### FY00 Authorized Funding

|                               |                   |             |
|-------------------------------|-------------------|-------------|
| Federal Receipts              | 3,562.0           | 34.1%       |
| General Fund Match            | 957.2             | 9.2%        |
| General Fund                  | 3,111.8           | 29.8%       |
| General Fund/Program Receipts | 2,611.6           | 25.0%       |
| Inter Agency Receipts         | 20.0              | .2%         |
| Response Fund                 | 173.6             | 1.7%        |
|                               | <b>\$10,436.2</b> | <b>100%</b> |

# Drinking Water and Wastewater

## FY00 funding by source

|                               |                  |
|-------------------------------|------------------|
| General Fund                  | 501.6            |
| General Fund/Program Receipts | 503.6            |
| General Fund Match            | 496.9            |
| Federal                       | 2,311.5          |
|                               | <b>\$3,814.6</b> |

## Who are our customers?

Owners and operators of public water systems

- Those that are expected to serve 25+ residents a year (Class A);
- Those that are expected to serve at least 25 people a day for at least 2 months (Class B);
- Any other public water system (Class C)

Owners and operators of domestic wastewater systems (septic and sewer)

## We charge for:

Engineered plan reviews\*

Determinations that a system is served by "groundwater under the direct influence of surface water"

Determination of optimal corrosion control when a PWS exceeds the allowable levels of lead and copper

Approval of surface water treatment rule filtration avoidance

System extensions

Contaminant monitoring waivers for PWS

Separation distance or other waivers

Certification of domestic waste water – septic system installers

Approval of sanitary surveyors and PWS inspectors

Approval of an "innovative" technology or device

Inspections, including follow-up on valid complaints and enforcement

\* Engineered plan reviews are not done for domestic wastewater systems serving a single family home, a duplex, or a single commercial building with an expected peak design flow of 500 gpd or less, or for Class C water systems that use groundwater as their source of drinking water.



## Drinking Water and Wastewater cont.

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### What do we do and why?

#### Primary Activities

Establish design, construction and operations standards for PWSs and wastewater treatment and disposal systems

Review public water systems and domestic wastewater system construction plans\* *ask EPA if confirmed out*

✓ Review financial, managerial, and technical capacity for public water systems

Require laboratory testing of the water provided by public water systems

Require inspections and sanitary surveys of public water systems

? Work with public water system owners to protect drinking water sources

#### Results

Systems that are capable over time of providing safe water in sufficient quantities or that can safely dispose of human wastes

Compliance with design standards

Public water systems capable of continued operations on a sustained basis

Water that is within acceptable contaminant levels (i.e. safe to drink)

Compliance with construction and operating standards

Reduction in potential contamination at the water source

### What's our relationship to the federal government?

Safe Drinking Water Act, passed by Congress in 1974, amended in 1986 and 1996, gives EPA authority for Class A and Class B systems (Class A = community water systems and nontransient noncommunity water systems, Class B = transient noncommunity water systems)

EPA can delegate oversight authority to states provided state standards are at least as stringent as federal standards and we meet the operational requirements set out in federal regulations and policy. This is called giving the state "primacy."

Alaska has had "primacy" since September 22, 1978

## **Drinking Water and Wastewater cont.**

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### **Why us and not the feds?**

Federal government pays for 75% of the management costs of the DW Program

State can issue contaminant monitoring waivers and separation distance waivers (saves water systems BIG money)

State has access to federal construction funds for public drinking water systems

EPA runs "enforcement only" program; does not provide technical assistance

### **What's privatized in this program?**

1. Sanitary surveys for DW system done by private individuals
2. Certified installer program for DWW systems (expands who can install these systems)
3. Monitoring of water systems done by private labs
4. Moving certified installer training to University of Alaska
5. Certification of on-lot septic systems now done by private engineers
6. All large photo copying jobs such as regulations, forms, newsletters etc.



#### **LIST OF 15 REQUIREMENTS FOR PRIMACY**

1. **MUST HAVE ADOPTED DRINKING WATER REGULATIONS NO LESS STRINGENT THAN NATIONAL PRIMARY DRINKING WATER REGULATIONS**
2. **MUST HAVE ADOPTED AND BE IMPLEMENTING ADEQUATE PROCEDURES FOR ENFORCEMENT OF STATE REGULATIONS**
3. **MUST MAINTAIN AN INVENTORY OF PUBLIC WATER SYSTEMS**
4. **MUST HAVE A PROGRAM FOR CONDUCTING SANITARY SURVEYS WITH PRIORITY GIVEN TO SYSTEMS NOT IN COMPLIANCE**
5. **MUST HAVE A PROGRAM FOR CERTIFICATION OF LABORATORIES, UNLESS ALL SAMPLES ARE ANALYZED IN THE STATE LABORATORY**
6. **MUST ASSURE AVAILABILITY OF LABORATORY FACILITIES FOR ANALYSIS OF ALL CONTAMINANTS INCLUDED IN STATE REGULATIONS**
7. **MUST HAVE DESIGN AND CONSTRUCTION STANDARDS TO ENSURE THAT NEW OR SUBSTANTIALLY MODIFIED SYSTEMS WILL BE CAPABLE OF COMPLYING WITH STATE REGULATIONS**
8. **MUST HAVE AUTHORITY TO APPLY REGULATIONS TO ALL PUBLIC WATER SYSTEMS**
9. **MUST HAVE AUTHORITY TO SUE IN COURTS OF COMPETENT JURISDICTION TO ENJOIN ANY VIOLATION OF REGULATIONS**
10. **MUST HAVE RIGHT OF ENTRY AND INSPECTION FOR PUBLIC WATER SYSTEMS**
11. **MUST HAVE AUTHORITY TO REQUIRE WATER SUPPLIERS TO KEEP APPROPRIATE RECORDS AND REPORT TO THE STATE**
12. **MUST HAVE AUTHORITY TO REQUIRE WATER SUPPLIERS TO GIVE PUBLIC NOTICE**
13. **MUST HAVE AUTHORITY TO ASSESS CIVIL OR CRIMINAL PENALTIES FOR VIOLATION OF STATE REGULATIONS**
14. **MUST MAINTAIN RECORDS OF ITS ACTIVITIES AND REPORT TO EPA**
15. **MUST HAVE ADOPTED AND CAN IMPLEMENT AN ADEQUATE PLAN FOR THE PROVISION OF SAFE DRINKING WATER UNDER EMERGENCY CIRCUMSTANCES**

## Food Safety and Sanitation

*State reg. charter and. from local govt.  
If we make it easier, then local control could occur*

Food Safety & Sanitation (2903.7)  
Office of the State Veterinarian (238.5)

### FY00 funding by source

|                                     |                |
|-------------------------------------|----------------|
| General Fund                        | 698.5          |
| Commercial Fish Revolving Loan Fund | 175.0          |
| General Fund/Program Receipts       | 1530.5         |
| General Fund Match                  | 244.1          |
| Federal*                            | 494.1          |
|                                     | <b>3,142.2</b> |

\* Some amount of federal funds will be restricted as uncollectable. The final amount is not yet known.

### What fees are charged?

*equi protection*  
*I can't take the protection from me*  
*did*

All food-related permits (except for dairy processing) have fees associated with them to help defray the costs of the total program services. We do not have fee authority for any public facility oversight except for overnight accommodations, however we do not have fees in place. We also have authority to establish fees for veterinary services provided by the state vet, but have not yet adopted any fees for those services.

### What do we do and why?

#### Primary Activities

Establish facility requirements; review and approve plans

Approve shellfish growing areas

Establish criteria for livestock imports and care

Conduct inspections

#### Who are our customers?

Anyone who sells or serves food to the public (retail food), such as:

- Restaurants
- Grocery stores
- Schools and day cares

Food processors, such as

- Dairy
- Seafood
- Shellfish growers/harvesters
- Bottled water
- Candy, syrups

Owners and operators of public facilities, such as

- Day care centers
- Overnight accommodations
- Pools/spas
- Schools and cosmetological establishments

Veterinarians & vet medicine manufacturers

#### Results

Reduction in potential for unsanitary conditions and contamination of food

Reduced likelihood of PSP contamination

Healthy animals for food production

Compliance with requirements; share food safety information with operators and employees



## **Food Safety and Sanitation Cont.**

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### **Primary Activities**

Operator/processor education

Laboratory testing of food products and shellfish growing water

Participate in recalls

Investigate reports of foodborne and waterborne illnesses

Provide technical/consultative assistance

### **Results**

Fewer problems that can lead to foodborne illness

Verify safety of food products

Remove unsafe food products from commerce

Find and correct the cause of the illness

Increase in compliance at the lowest cost to operators

## **What's our relationship to the federal government?**

Dairy processing: must follow the Food & Drug Administration (FDA) Pasteurized Milk Ordinance to sell milk processed in Alaska interstate, to the military, or to schools.

Shellfish growing/harvesting: must follow FDA's Model Ordinance for the Control of Molluscan Shellfish to sell shellfish interstate and internationally.

Other seafood processing: must follow FDA's Hazard Analysis Critical Control Point regulations as well as FDA's Good Manufacturing Practices (GMPs) regulations to sell product interstate or internationally.

Other foods processed in Alaska must also be processed in accordance with the federal rules for that type of food. All must follow the GMPs.

There are no federal requirements for retail foods but there is a federal guideline called the "Food Code." There are also no federal requirements for public facilities.

Animal Health: the federal government sets minimum standards for disease control in animals that in turn affects interstate & international shipment of animals. States may set more stringent requirements.

## **Food Safety and Sanitation Cont.**

### **Why us and not the feds?**

The federal government does not provide direct services for food processors except for small, fairly targeted areas. However, the federal rules must be followed in order to assure market access to our processors.

It also does not provide animal health services to states.

Although we do not receive any financial support from the federal government for any of these services, they will contract with us to conduct some seafood inspections:

US Department of Commerce (USDC) has several types of inspection programs available to the industry on a fee-for-service basis. Listed below are the types of inspections we have performed for USDC. USDC pays us on a per-inspection basis.

**Type 1 In-plant inspection** – continuous product inspection to allow the product to be sold for certain federal government programs, such as the Grade A program and the Packed Under Federal Inspection (PUFI) program. The inspector must be in the plant throughout the production of that lot of product.

**Type 2 Lot inspections** – product is inspected for quality, condition and sometimes graded to buyers' specifications. A Certificate of Origin, Export Health Certificate, and European Union - country specific certificates are issued. This allows product to enter into countries that have imposed these requirements, or the buyer is ensured they are receiving the quality of product requested.

**Type 3 Miscellaneous** – includes, 1) cannery sanitation and retort survey inspections to get a cannery approved to produce product under the PUFI program, 2) routine USDC plant sanitation inspections to be listed on their list of approved establishments, and 3) fish meal plant inspections.

FDA will also contract with us to conduct federal HACCP inspections.

### **What's privatized in this program?**

1. Some HACCP and food server training
2. HACCP plan preparation (done by processors and private consultants)
3. Collection of some water samples (by shellfish growers)
4. Issuance of animal health certificates (by private veterinarians)
5. All large photocopying jobs such as regulations, forms, and brochures
6. Public service announcements

Looking at creating certified 3<sup>rd</sup> party inspector program for low-risk facilities



## **RISK BASED INSPECTION FREQUENCY PROTOCOL**

**(Risk Level = # of routine inspections per year)**

Where HACCP is mandatory or being voluntarily followed, only one inspection per year per process/product is a full HACCP inspection.

| <b>RISK LEVELS<sup>1</sup></b> | <b>PROCESS/PREPARATION OR CONDITIONS</b>                                                                                                                                                                                                                                                                                                         | <b>EXAMPLES</b>                                                                                                                                                                                                                                                                                                          |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Complaint Only</b>          | Ensure minimum health and safety standards are met through plan review and complaint investigation.                                                                                                                                                                                                                                              | Cosmetology; very small bed and breakfasts; public toilets; showers, laundromats.                                                                                                                                                                                                                                        |
| <b>1</b>                       | Limited preparation which may include assembling precooked/sliced items; cook and serve;<br>Cold hold and display of prepackaged foods/produce<br>Gill, gut, harvest, package fresh/frozen. (not ready to eat)<br><br>Physical, microbial and chemical hazards are generally present                                                             | Limited food service; mobile food service; bars/taverns; convenience stores; grocery stores; warehouses; fresh/frozen produce and fish processors.<br><br>Campgrounds (no RVs), hotels/motels/lodges; larger bed and breakfasts.                                                                                         |
| <b>2</b>                       | Assemble, cook and serve hot or cold hold (No cooling and reheating)<br>Salvage and repackaging<br>Shellfish harvesters<br>Retail processing including meat and seafood slicing, cutting, and wrapping<br>Processing of ready to eat or shelf stable non potentially hazardous foods<br><br>Physical, microbial and chemical hazards are present | Delis; food banks; supermarkets; retail seafood and meat markets; bakeries; ice manufacturers; bottled water and other beverages;<br>candy, jams, jellies and syrup manufacturing; fast food take-out.<br><br>Spas, RV parks, tattoo parlors, residential care facilities, preschools, elementary and secondary schools. |
| <b>3</b>                       | Associated with known toxins (tuna, mushrooms, shellfish)<br>Assemble, cook, cool, hold, and reheat<br>Processing and packaging into ready-to-cook meals<br>All processing of warm-blooded animals<br><br>High physical, microbial and chemical hazards                                                                                          | Processing of foods with known toxins; full service restaurants; meal processing (not covered under MPI); labor camps; institutions.<br><br>Day care centers and pools/spas.                                                                                                                                             |
| <b>4</b>                       | Thermal processing of low-acid foods<br>Reduced oxygen packaging<br>Smoking or curing of ready to eat and shelf stable potentially hazardous foods<br>Pasteurizing                                                                                                                                                                               | Canning and smoking seafood, meats; roe processing; low-acid canning; any processor that ROPs.                                                                                                                                                                                                                           |

<sup>1</sup> Considerations that may increase or decrease the number of annual routine inspections:

Add one inspection per year for food facilities:

- The facility is an institution that accepts donations of traditional Native foods;
- The targeted population served by the facility is 1) children; 2) elderly; or 3) immunocompromised;
- The facility has a scored inspection of 84 or below;
- The facility has a non-scored inspection and has 3 or more critical violations OR 2 or more critical violations AND 2 or more repeated noncritical violations;
- The methods of food preparation at a food service establishment are complex (that is, there are a number of food items or ingredients are prepared in advance requiring cooling and reheating); or
- The facility is large (see note).

Add one inspection per year for public facilities if:

- Three or more critical violations during last routine inspection
- Secondary school has an industrial arts program.

Deduct one inspection per year for a food facility if:

- The facility has a scored inspection of 94 or above and no critical violations for two consecutive inspections;
- The facility has a non-scored inspection with no critical violations and no more than 4 non-critical violations for two consecutive inspections;
- The facility is a participant in good standing in the Division's facility recognition program; or
- The facility has a sufficient HACCP plan that is being fully implemented.

Deduct one inspection per year for a public facility if:

- No critical violations during last two consecutive inspections.

NOTE: "Large" is purposely not being defined at this point since we do not categorize most of our facilities in that way however it is to relate to capacity or volume. For the time being, Program Managers are to determine whether or not a facility is "large" but they must be able to articulate their rationale to me so we can come up with appropriate definitions.



## Laboratory Services

Chem LAB - JNB  
Food Safety PALMER  
PESTICIDES

new HESS LAB  
~~LAB~~ ALC

UAA-LABS?

Food Safety Lab (1,024.8)  
State Chemistry Lab (926.6)  
Pesticides (281.3)

### FY00 funding by source

|                               |       |
|-------------------------------|-------|
| General Fund                  | 950.1 |
| General Fund/Program Receipts | 144.0 |
| General Fund Match            | 215.2 |
| Federal                       | 729.8 |
| Oil & Hazardous Response Fund | 173.6 |
| Interagency Receipts          | 20.0  |

**2,232.7**

### Who are our customers?

Owners and operators of commercial labs

Food processors, especially seafood

Users of pesticides (primarily commercial and government users)

- Oil companies
- Commercial pest controllers
- Municipalities
- Agriculture
- Fishing industry

Consolidated  
lab rept.  
by [signature]

### What fees are charged?

We charge fees to commercial labs that we certify

We also charge for any food testing done at the request of the processor, including testing necessary to export product out of the U.S.

Finally, we will charge for a PWS to test its water for cryptosporidium or giardia (there is now one private lab that can conduct these tests to which we will refer public water systems.

We do not have fee authority for any pesticide services

## **Laboratory Services Cont.**

---

### **What do we do and why?**

#### **Primary Activities**

Certify or accredit commercial labs to conduct analysis of public drinking water systems, as well as underground storage tank and contaminated site remediation

Conduct laboratory testing of commercial food products processed in Alaska, including testing of shellfish for PSP

Limited number of oil spill sampling

Train and certify pesticide applicators

Issue pesticide permits for 1) aerial application, 2) application by or for a governmental entity, and 3) projects that will affect land owned by separately by two or more people.

Conduct some analysis of animals such as reindeer for brucellosis or tuberculosis

Marketplace pesticide inspections

#### **Results**

Accurate measurements of contaminants in water and soil

Alaska-processed food that is safe to eat and has access to markets

Determine source of "orphan" oil spills

Reduce potential for improper pesticide use

Ensure public notice of large-scale applications

Prevent disease in Alaska's domestic animals

Prevent the sale of illegal pesticides



## **Laboratory Services Cont.**

---

### **What's our relationship to the federal government?**

Certification of commercial labs that test public water systems is a condition of primacy for the drinking water program. Federal funds help support this effort.

Like the Drinking Water program, EPA can also delegate responsibility for the pesticide program to states with standards that are at least as stringent as EPAs.

### **Why us and not the feds?**

See Drinking Water program overview for benefits of primacy.

For pesticides, we also have primacy. Under the federal rules, the most toxic pesticides can only be used by certified applicators (restricted-use pesticides). With a state program, access to this certification is significantly greater than what EPA might offer.

The state also has the ability to approve a pesticide for a "special local need" that was not included in EPA's initial registration.

### **What's privatized in this program?**

All laboratory analyses are done by private laboratories except:

- Cryptosporidium and giardia in public water systems
- Food testing
- Some animal analyses for other state and federal agencies

# Solid Waste Management

## FY00 funding by source

|                                          |                |
|------------------------------------------|----------------|
| General Fund                             | 618.2          |
| General Fund/Program Receipts            | 433.5          |
| Federal (NOAA, Pribilof Islands Project) | 26.6           |
|                                          | <b>1,078.3</b> |

## What fees are charged?

Permit fees are charged for all types of solid waste permits except small, rural landfills (called Class III landfills). The nonmunicipal permits are 100% fee-based (except for travel costs which are covered by general funds)

## What do we do and why?

### Primary Activities

Establish design, construction and operation standards

Review and approve facility plans

Establish criteria for closing out solid waste disposal sites

Conduct inspections

Provide technical/consultative assistance

## Who are our customers?

Owners and operators of municipal landfills, which in nearly all cases is some level of local government

Owners and operators of types of land disposal facilities for solid, not liquid, wastes, such as

- Construction/demolition debris
- Mining and wood waste
- Sewage sludge
- Oil drilling muds

### Results

Facilities that are capable of handling wastes without causing off-site pollution; protect property values to the extent possible

Compliance with design standards

Fewer inactive solid waste sites that become contaminated sites

Spot any potential problems early when they can be most efficiently corrected

Increase in compliance at lowest cost to owner/operator



## **Solid Waste Management Cont.**

---

### **What's our relationship to the federal government?**

Resource Conservation and Recovery Act (RCRA) Subtitle D gives EPA authority to establish rules for municipal solid waste disposal. State programs must be approved by EPA.

Land Disposal Program Flexibility Act of 1996 allows the Governor of Alaska to exempt certain small, remote municipal solid waste landfills from those federal requirements. The state has developed its own standards for these landfills (we call them Class III landfills).

There are no federal requirements for other types of wastes.

### **Why us and not the feds?**

For municipal solid waste, Congress allows states flexibility in approving landfill locations (earthquake-prone areas; wetlands) and construction material (liner materials.) These flexibilities can save landfill owners millions of dollars.\*

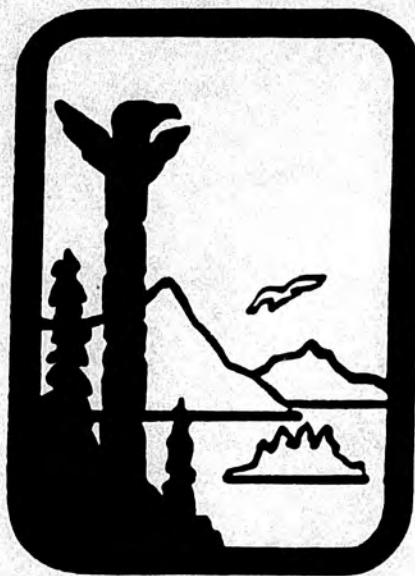
For non-municipal wastes, the benefit is to "associated wastes", which come from oil and mining operations. They are specifically excluded from being regulated as hazardous wastes (RCRA Subtitle C) and instead are managed under states solid waste program.

### **What's privatized in this program?**

1. All landfill design work
2. Some aspects of our review may be contracted out
  - Extremely complicated designs
  - High level engineering review
3. All groundwater monitoring
4. All large photocopying jobs such as regulations, forms and brochures.

\* Federal law allows only one kind of liner – a geotextile liner over 2 feet of clay. The Municipality of Anchorage told us this would increase their costs by \$180,000 per acre of liner.

# **DEPARTMENT OF ENVIRONMENTAL CONSERVATION**



**18 AAC 31**

**ALASKA FOOD CODE**

**PUBLIC COMMENT DRAFT**

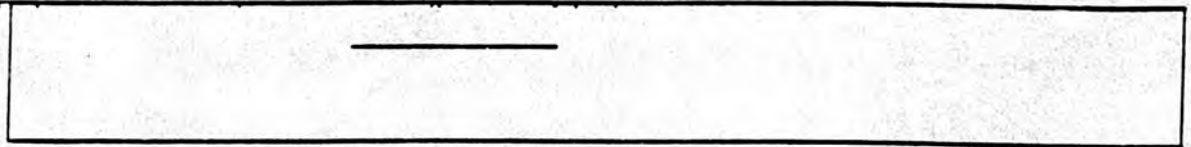
**July 13, 1999**

**Comment period ends August 20, 1999**

**Tony Knowles  
Governor**

**Michele Brown  
Commissioner**





## CHAPTER 31. ALASKA FOOD CODE.

### ARTICLE 1. GENERAL OPERATING AND PERMIT REQUIREMENTS.

The section listing for Article 1 is amended to read:

**Section**

- 010. Purpose and applicability
- 015. Confidentiality of trade secrets
- 020. Permit requirements
- 030. Permit application requirements
- 040. Plan review and pre-operation inspection
- 050. Fees [PERMIT, REINSPECTION, AND WAIVER FEES]
- 060. Labeling and placarding

18 AAC 31.040 is repealed and readopted to read:

#### 18 AAC 31.040. PLAN REVIEW AND PRE-OPERATION INSPECTION.

(a) The operator of a food establishment shall submit to the department plans that comply with (f) of this section before construction or commencing operation if

- (1) a food establishment is to be constructed;
- (2) an existing structure is to be converted for use as a food establishment;
- (3) an existing food establishment is proposed to be extensively remodeled; or
- (4) a new type of operation is to be added to an existing food establishment.

(b) The operator of a food establishment shall obtain prior department approval for any proposed significant change to the types of food, methods of preparation, style of service, or seating capacity.

(c) Except for a temporary food service subject to 18 AAC 31.600, plans submitted under this section must include

- (1) the plan review fee required by 18 AAC 31.050.
- (2) a plot plan of the entire premises showing the location of buildings, refuse storage site, approved water supply, approved waste disposal system, and access for deliveries:
- (3) a detailed to-scale drawing of the food establishment showing the type, model, and location of equipment and plumbing fixtures, such as sinks and toilets:
- (4) a plumbing schematic that depicts hot and cold lines, wastewater lines, floor drains, and grease traps:
- (5) the construction and design specifications for equipment:
- (6) the finish materials specifications for floors, walls, and ceilings:
- (7) types and location specifications for lighting and ventilation:
- (8) a description of food items to be served, projected volumes, methods of preparation, and styles of service:
- (9) the seating capacity: and
- (10) a description of equipment used to maintain temperatures during transportation, display, and service.

(d) The department will approve plans submitted under this section if they meet the requirements of this chapter.

(e) The department will conduct an inspection of a facility to confirm compliance with this chapter and the plans approved under this section, depending on its budget and the staffing needs of its other projects. (Eff. 5/18/97, Register 142: am \_\_/\_\_/\_\_. Register \_\_)

|            |              |              |              |
|------------|--------------|--------------|--------------|
| Authority: | AS 03.05.011 | AS 17.20.070 | AS 17.20.200 |
|            | AS 03.05.020 | AS 17.20.180 | AS 44.46.020 |
|            | AS 03.05.040 |              |              |



**NOTE:** In the following section, existing fees are shown in brackets. New fees are shown as such.

**18 AAC 31.050 is repealed and readopted to read:**

**18 AAC 31.050. PERMIT FEES.** (a) Except as provided in (b), (f), (n), and (o) of this section, at the time of application for a new permit under 18 AAC 31.030 or within 30 days after receiving notice that a fee is due for a permit renewal, the owner or operator of a food establishment subject to the permit requirements of 18 AAC 31.020 shall pay to the department an annual permit fee for each separate type of operation at the food establishment as follows:

(1) for a food service that

has (A) except for a food service listed in (B) - (F) of this paragraph.

(i) 0 - 25 seats: \$375 [\$155];

(ii) 26 - 50 seats: \$440 [\$185];

(iii) 51 - 100 seats: \$475 [\$200];

(iv) 101 - 200 seats: \$510 [\$210]; or

(v) more than 200 seats: \$545 [\$225];

(B) is a limited food service: \$205 [\$100];

(C) is a mobile food unit, other than a self-contained mobile food unit: \$240 [\$100];

(D) is a self-contained mobile food unit: \$205 [\$115];

(E) is a caterer: \$410 [\$170]; and

(F) is a beverage-dispensing portion of a bar or tavern: \$270 [\$115];

(2) for a food processing establishment that

(A) is a bakery: \$305 [\$125];

(B) bottles drinking water or other beverages: \$305 [\$125];

(C) manufactures ice: \$305 [\$125];

(D) processes jam, jelly, syrup, or confections: \$240 [\$100];

(E) smokes, cures, acidifies, dehydrates, or reduced oxygen packages food: \$375 [\$155];

(F) is a thermal processor of low-acid food: \$375 [\$155];

(G) processes other food: \$240 [\$125];

(3) for a market that is a

(A) convenience store: \$150 [\$65];

(B) grocery: \$305 [\$125];

(C) grocery portion of a supermarket: \$270 [\$140];

(D) retail bakery: \$305 [\$125];

(E) retail meat market: \$305 [\$125];

(F) retail seafood market: \$305 [\$125];

(G) warehouse: \$240 [\$100];

(H) food bank or food salvager: \$240 [\$100];

(I) mobile retail vendor: \$170 [\$70]; and

(4) other food establishments: \$375 [\$100].

(b) Except as provided in (f), (n), and (o) of this section, the applicant shall pay to the department the following permit fee at the time of application for

(1) a temporary food service permit for a one day event: \$35;

(2) a temporary food service permit for an event lasting two to three days: \$65 [\$35];

(3) a temporary food service permit for an event lasting four to seven days: \$90; and



(4) a temporary food service permit for an event lasting eight to 28 days: \$120 except that an application for a temporary food service permit for an event lasting eight to 28 days that is submitted less than 15 days before the event is to begin shall be \$180.

(c) In addition to the fees set out in (a) of this section, the operator of a food establishment who is required to submit plans to the department for review and approval under 18 AAC 1.040(d) shall pay to the department at the time of submission a plan review fee for each separate type of operation at the food establishment as follows:

(1) for a food service that

has

(A) except for a food service listed in (B) - (F) of this paragraph.

(i) 0 - 25 seats: \$170;

(ii) 26 - 50 seats: 205;

(iii) 51 - 100 seats: \$ 240

(iv) 101 - 200 seats: 275; or

(v) more than 200 seats: \$275 [\$225];

(B) is a limited food service: \$135;

(C) is a mobile food unit, other than a self-contained mobile food unit: \$205

(D) is a self-contained mobile food unit: \$205;

(E) is a caterer: \$275; and

(F) is a beverage-dispensing portion of a bar or tavern: \$135;

(2) for a food processing establishment that

(A) is a bakery: \$205

(B) bottles drinking water or other beverages: \$205;

(C) manufactures ice: \$170;

(D) processes jam, jelly, syrup, or confections: \$170;

(E) smokes, cures, acidifies, dehydrates, or reduced oxygen packages food: \$275:

(F) is a thermal processor of low-acid food: \$275:

(G) processes other food: \$205:

(3) for a market that is a

(A) convenience store: \$125:

(B) grocery: \$205

(C) grocery portion of a supermarket: \$205:

(D) retail bakery: \$205:

(E) retail meat market: \$205:

(F) retail seafood market: \$205:

(G) warehouse: \$135:

(H) food bank or food salvager: \$205:

(I) mobile retail vendor: \$135: and

(4) other food establishments: \$205.

(d) An operator who submits plans for three or more types of operations within a single food establishment shall receive a 20% reduction in the plan review fees.

(e) In addition to the fee required by (a) or (b) of this section, an operator shall pay a fee of \$150 [\$75] for each reinspection conducted as follows:

(1) if a rating form is used, the rating score is less than 85, and the department conducts a reinspection under 18 AAC 31.900(e); or

(2) if a nonrating form is used, and the department conducts a reinspection under 18 AAC 31.900(f).

(f) A person who seeks a waiver described in 18 AAC 31.010(f) or in 18 AAC 31.010(j) to exempt a food establishment, or a business other than a food establishment that is manufacturing ice for onsite retail sale, from one or more requirements of this chapter shall pay a waiver application review fee of \$140 [\$70] at the time of application.



(g) Within 30 days after a change in the operator of a food establishment with a permit issued under this chapter, the new operator shall apply to the department for a reissuance of the permit in the new operator's name as follows:

(1) if the previous operator paid the current annual permit fee, the new operator shall pay a reissuance fee of \$125 [\$50] for each permit reissued; or

(2) if the previous operator has not paid the current annual permit fee, the new operator shall pay that fee.

(h) An operator of a food service establishment who applies to have one or more types of operations participate in the recognition program under 18 AAC 31.925 shall pay an annual program application as follows:

(A) for one type of operation: \$100; and

(B) for more than one type of operation within an establishment:  
\$150.

(i) A fee imposed under this section is nonrefundable. Nothing in this section precludes the department from prorating an annual permit fee and billing more than once if revised statutes or regulations change a fee amount or structure, fee type, or the time frame during which a permit is required.

(j) Unless stated otherwise, a fee required under this section is due within 30 days after receiving notice that the fee is due. Except for good cause beyond the operator's control, the department will assess a late fee not to exceed five percent of the applicable fee if payment is more than 30 days past due. In addition, a payment that is more than 60 days past due accrues interest monthly at the rate prescribed in AS 45.45.010.

(k) An operator of an establishment who ceases to operate that establishment remains responsible for past due fees incurred by that operator before ceasing operations.

(l) A person who disputes an invoice issued under this section because the invoice incorrectly identifies the type of food establishment for which a fee is required or who disputes a computation of charges may request the director to review the matter. A request for review must be submitted within 30 days after receipt of the invoice or computation and must include written reasons why the fee or computation is disputed and how it should be adjusted. The director will issue a written decision within 30 days after receiving the request.

(m) A person aggrieved by the director's decision under (k) of this section may request the commissioner to review the matter. A request under this subsection must be submitted within 30 days after receipt of the director's decision and must include written reasons why the decision is disputed and how it should be adjusted. The commissioner, or the commissioner's designee, will issue a written decision within 30 days after receiving the request. A decision made under this subsection is the final agency decision. A person aggrieved by that decision may appeal to the superior court in accordance with the Alaska Rules of Appellate Procedure.

(n) The following charitable organizations and types of operations require a permit under this chapter but are exempt from the fee requirements of this section:

(1) a charitable organization that is exempt from taxation under 26 U.S.C. 501(c)(3) (Tax Reform Act of 1986); and

(2) a food service provided by a public or private elementary or secondary school or head start center described in AS 44.46.025(d); nothing in this paragraph exempts a group associated with a school from its requirement to obtain a permit and pay the required fee for a group-sponsored food service or a temporary food service event.

(o) Nothing in this section prohibits the imposition of a higher or a lower fee by a local government that regulates food establishments subject to this chapter under a delegation of authority to implement this chapter granted under 18 AAC 31.945. (Eff. 5/18/97. Register 142: am \_\_/\_\_/99. Register \_\_)

Authority: AS 17.20.005  
AS 17.20.180

AS 44.46.020

AS 44.46.025





and Delivery of Government Services

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| Department of Environmental Conservation Subcommittee |           |          |                                                     |
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| Norton                                                | Virgil    | 278-6291 | Contractor                                          |
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| Brookman                                              | Jerry     | 283-7180 | Oil Spill Prevention & Response Comm. PWSRC         |
| Bucklin                                               | Keith     | 561-4650 | Audio/Video, Inc.                                   |
| Conway                                                | Mike      | 465-5274 | Dept of Environ Conserv - Department Contact        |
| Donagin                                               | Doug      | 248-8933 | VP, Trident Seafoods                                |
| Gilfilian, PE                                         | Bob       | 274-8683 | Gilfilian Engineering & Environmental Testing, Inc. |
| Hampton                                               | Paul      | 277-9736 | CH2M Hill                                           |
| High, PE                                              | Dee       | 344-1383 | DHI Consulting Engineers                            |
| Homer                                                 | Greg      | 257-5007 | Ecology & Environment, Inc                          |
| Lawrence                                              | Bill      | 463-4871 | Environmental                                       |
| Madsen                                                | Stephanie | 586-4618 | Pacific Seafood Processors                          |
| Magee, PE                                             | Greg      | 248-8884 | Montgomery Watson, PEPP                             |
| McCorkle                                              | Vern      | 279-2900 | Publisher, Alaska Business Monthly                  |
| Harper                                                | Michael   | 243-2984 | Kuskokwim Corporation                               |
| Skaling                                               | Sean      | 279-5868 | Greenstar (Environment in Business)                 |
| VanHatten                                             | Rick      | 488-2822 | Alaska Contracting & Consulting                     |
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MEMORANDUM

Date: October 11, 1999  
From: Gerald R. Brookman  
To: D.E.C. Subcommittee, Commission on Privatization of Government Services, State of Alaska; other interested parties  
Subject: My Recommendations for Final Committee Report

I am listing, below, my recommendations for items to be included in the committee's final report. Some of them are somewhat general in nature; I would hope that each can be considered, and I ask that they be included in our final report, if a majority of the committee agrees. It is likely that at least some of them will parallel or overlap other committee members' recommendations; in that case, I would suggest that they could be melded into one specific recommendation for each of these points. These points apply to D.E.C as a whole, not to any specific department.

1. It was agreed early on in this process, that any recommended changes should meet two criteria: that they should not result in any greater expenditure of state general funds, and that they result in no reduction of legally mandated state services performed by the D.E.C. I believe that it is important that both of these criteria be included in our final report.
2. I believe that a recognized, well-qualified management consulting firm should be contracted with, to audit and report on the organization, management, and performance of the D.E.C. Such an audit, by an impartial, independent, third party would give the legislature the necessary information on which to base its decisions on legislative changes that might be desirable in order to improve the operations of the D.E.C.
3. Any contracts written for services to be contracted out, that are at present performed by D.E.C. employees, should include wording to insure adequate accountability (bonding, etc.) by the contractor.
4. Specific criteria should be developed and implemented to obtain a pool of qualified contractors for different services that may be contracted for by the department. This could include past performance, adequate bonding, professional qualifications of the personnel employed, etc. and would enable the department to simplify the contracting process, and shorten the time necessary to obtain a qualified contractor, for services for which it may need or desire to do so.
5. To ensure accountability and fulfillment of the law, regulatory and enforcement functions should not be contracted out.

I would like to note that there are a number of environmental organizations that are willing to take the state to court if they feel that it is not meeting its legal obligations under the act creating the D.E.C. and any other laws that define its responsibilities. For this reason, we should bear in mind that it might be "penny wise and dollar foolish" for funding to be so reduced that it might cost the state more, in the long run, in court costs and legal judgements than it might save in, for instance, reduced travel costs.

Another point I believe is worth noting is that while some persons feel that it might be desirable to save state general funds by eliminating some functions of the D.E.C. and letting the E.P.A. take them over -- this would very likely result in frustrations and problems by Alaskans due to the fact that decisions would have to be made in Seattle or even Washington, D.C. rather than locally. I would refer you to the article by Senator Murkowski in the October 8, 1999 "Voice of the (Anchorage) Times", entitled "Be very afraid of Environmental Protection Agency".

I hope that the above comments are useful to the other members of the committee.

Gerald R. Brookman  
D.E.C. Subcommittee Member

