

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FY15 - Increment/ Decrement Status**

Governor's Budget Items Approved as Requested

Item #	Appropriation/Al location	Description	Amount/Fund Source	CC Book Comment	GF Dec?	LFD Notes/Questions	Agency Comments
1	Spill Prevention and Response/ Contaminated Sites Program	Contaminated Sites Increased Authority	\$959.5 Federal Receipts (Fed)	The legislature approved the Governor's request for \$959.5 in increased Federal Receipt authority, which will give the department an opportunity to receive increased federal grants to perform contaminated site cleanup and oversight of cleanup activities of military facilities, formerly used defense sites, and other federally contaminated sites. The state must exercise regulatory oversight of cleanup activities to ensure compliance with state standards. These funds are coming from multiple federal agencies including the Department of Defense, U.S. Coast Guard, Federal Aviation Administration, and the Bureau of Land Management. No general funds or response funds are required for this work. An identical amount of federal receipt authority was requested and approved in a FY14 RPL. No new positions are required to accomplish this work and available funds are unaffected by sequestration.		Have these federal receipts been received and from whom? If not, when do you anticipate their receipt? Please provide a status update on the contaminated site cleanup related to this increment.	The division continues to collect all available federal revenues for cleanup activities at military facilities and other federally contaminated sites. The contaminated sites program secured a new grant from EPA to develop a process for investigating suspected contamination at abandoned mine sites. Since this increment was requested, federal budget issues including sequestration resulted in the Department of Defense and other federal agencies not scaling up their clean-up activities as anticipated. With the federal government operating under continuing resolution, additional federal grant funding is not anticipated this year and is uncertain in FY2016. The contaminated sites program currently projects a lapse of \$425.0 federal funds in FY2015, after the application of indirect federal receipts. Federal funding that has been secured has been used for contractor support overseeing contaminated site characterization, cleanup and monitoring at Eielson Air Force Base, the former Galena Air Force facilities, Formerly Used Defense Sites on Kodiak Island, and the Amchitka underground nuclear test sites. Additionally, EPA grant funding is being used to develop a process framework by which potentially contaminated abandoned mines will be identified and screened for site investigation.

Governor's Budget Items Approved with Modifications

Item #	Appropriation/Al location	Description	Gov Request	Amount Approved	CC Book Comment	GF Dec?	LFD Notes/Questions	Agency Comments
2	Air Quality/ Air Quality	Alaska Gasline Development Corporation Ch 11 SLA 2013 (HB4) <i>Fiscal Note additions</i>	\$106.0 AGDC-ISP(Other) \$27.7 Inc \$78.3 IncOTI	\$106.0 ISPF-I/A (Other)	The legislature approved the Governor's request for second year funding to meet the directives outlined in HB4 (FY2013) which mandated the Alaska Gasline Development Corporation (AGDC) move forward with building a small-diameter in-state gas pipeline. The increase (\$78.3 of which is a one-time item) reflects the need for additional term contractors to work on construction and permit applications in FY15. The process involves pre-application assistance, data reviews, modeling, engineering plan review and approval for air quality permits in conjunction with development of the pipeline. The Air Quality Division assumes four construction applications in FY15. This includes one Prevention of Significant Deterioration (PSD) permit and three Minor Source Specific (MSS) permits. The legislature modified the Governor's request by changing the fund source from the In-state Natural Gas Pipeline Fund (1229) to the Instate Natural Gas Pipeline Fund I/A (1232) to reflect the fact that agencies can spend code 1232 only as specified in a reimbursable services agreement signed by the Alaska Gasline Development Corporation. Funding for the RSAs will then be drawn from the fund without appearing in the operating budget of AGDC. The funding switch has no impact other than to ensure that AGDC has control over pipeline funds spent by other agencies.		Please provide an update on the directives in HB4 related to DEC. Does the department still anticipate four construction applications in FY15?	The division is currently providing pre-application assistance to the Alaska Gasline Development Corporation related to the air permits required for the gas pipeline being developed under auspices of House Bill 4. The Prevention of Significant Deterioration (PSD) permit is anticipated to be submitted to the division in January 2015. One of the Minor Source Specific (MSS) permits is anticipated to be submitted to the division during FY2015, the others are anticipated in the following year. The division projects to spend \$91.6 Natural Gas Pipeline Fund I/A receipts during FY2015.

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Legislative Deletions

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3	Water/Water Quality	Remove Funding Associated with State Primacy for Dredge and Fill Activities	(\$1,434.7) UGF (5 PFT positions)	<p>The legislature removed continuation funding (\$1,434.7 UGF) that originally had been added to the DEC base budget by a fiscal note attached to Chapter 12, SLA 2013 (SB 27). Five permanent, full-time positions were also deleted. The passage of that legislation provided the authority for the state to evaluate and seek primacy for administering the regulatory program for dredge and fill activities as allowed under federal law. Amended and new regulations are required to allow for program implementation. This funding had been added in FY14 to assist the department in meeting new responsibilities to move toward a decision point regarding that primacy effort.</p> <p>NOTE: Of the \$879.5 in Services appropriated by this fiscal note, \$548.8 was earmarked for Reimbursable Services Agreements with the Departments of Natural Resources and Law in support of their responsibilities to this program.</p>		<p>What is the current status of State Primacy for Dredge and Fill Activities?</p> <p>What about the five positions? Were employees assigned to other tasks and have the positions been deleted?</p> <p>Were the RSAs eliminated in FY15?</p>	<p>This decrement has substantially slowed state efforts toward primacy assumption. On a time available basis, the State has been completing tasks that were in progress in FY2014. The Department continues to explore methods of streamlining the wetlands permitting process. Five positions have been deleted. To avoid layoffs and to retain high caliber staff, the three employees initially hired to work on 404 Wetlands Permitting (SB27) have been retained by the Division of Water. Two of those staff were transferred into vacant PCNs in the wastewater discharge program, where they are now working on stormwater permits. The third, a high-capacity program manager, has been retained to work independently on an Alaskan wetlands program plan (funded by an EPA grant) and to work on permitting streamlining. A comparable vacant PCN in the division was deleted to offset the retention of this employee. Reimbursable Service Agreements with the Department of Natural Resources and the Department of Law specific to the 404 Wetlands Permitting primacy effort under SB27 have been eliminated in FY2015.</p>

Fiscal Notes

Item #	Bill #	Title	Amount/Fund Source	CC Book Comment	GF Dec?	LFD Notes/Questions	Agency Comments
4	HB 140 (Chapter 87, SLA 2014)	REGULATIONS: NOTICE, REVIEW, COMMENT	\$250.9 UGF 1 PFT position	<p>Administration/ Office of the Commissioner</p> <p>This legislation requires the development of estimated annual costs to state agencies of proposed regulations and public notice of those costs. The legislature approved the Department of Environmental Conservation fiscal note for \$250.9 UGF in FY15 to cover the costs of implementing HB 140.</p> <p>This includes \$95.2 in Personal Services and 1 new PFT Economist III position in Juneau to analyze data and calculate the estimated costs of regulations for all divisions within the department plus \$155.7 in Services for the estimated completion of 15 regulation packages annually among the four operating divisions.</p>		<p>Was this new position established?</p> <p>Has the position been filled as an Economist III? If not, what is the expected hire date? Do you expect to fully expend the \$95.2 in Personal Services shown in the fiscal note?</p>	<p>The position associated with this fiscal note, an Economist III in Anchorage, was hired effective December 1st. The Department expects to fully expend the \$92.5 in Personal Services.</p>