

State of Alaska Update



ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF SPILL PREVENTION AND RESPONSE

**Cook Inlet Regional Citizens Advisory
Council Meeting, Kodiak**

Gary Folley, PERP Program Manager
September 12, 2014

SPAR Review

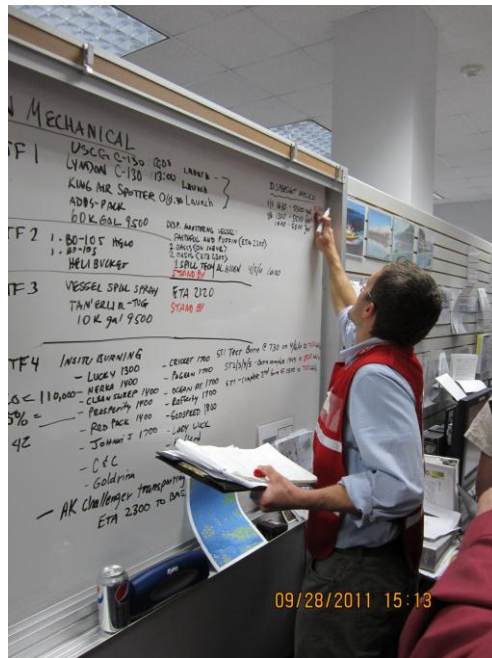
The Division of Spill Prevention and Response is engaged in an internal review process to:

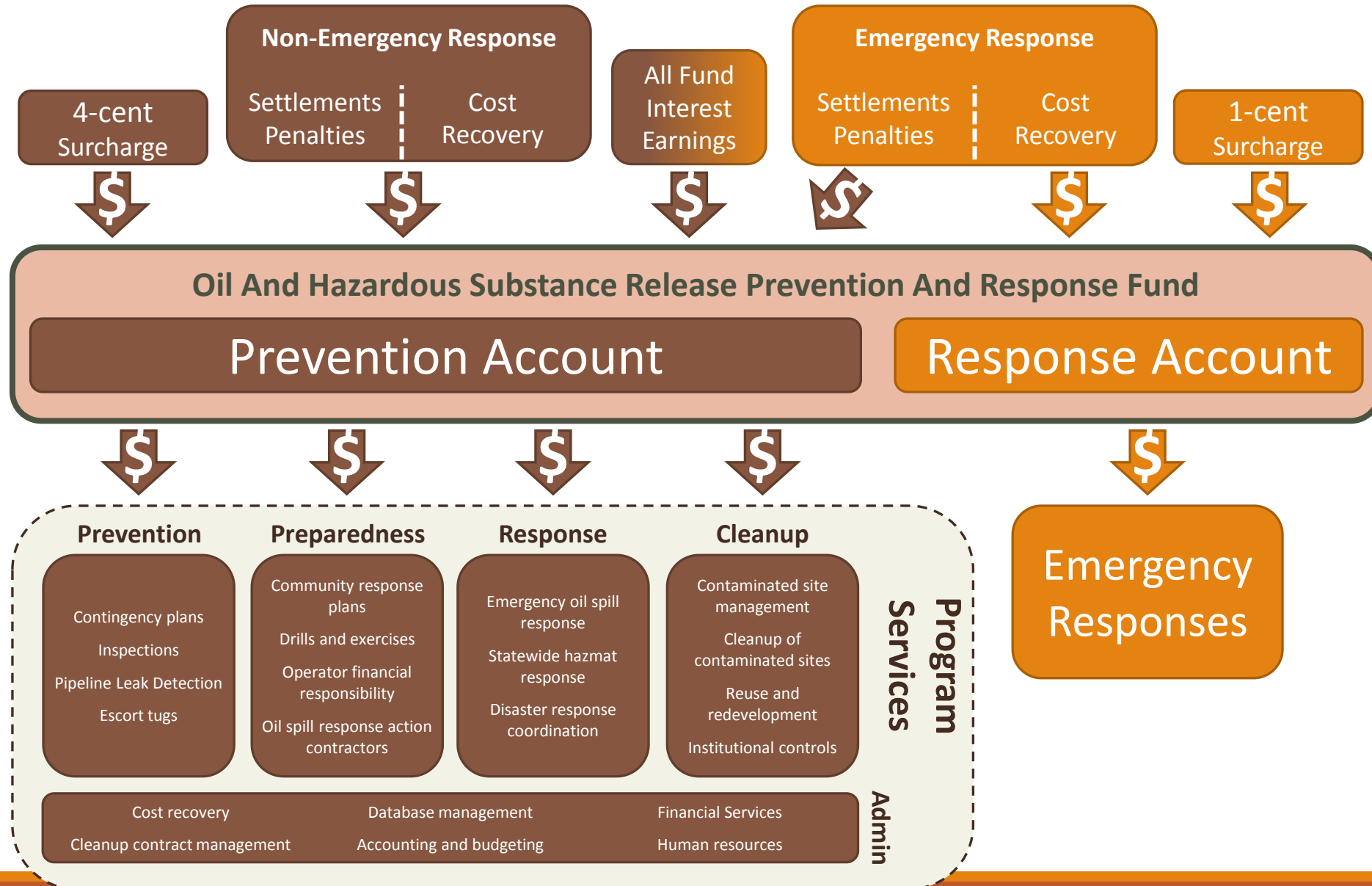
- Reflect on ways to work more efficiently
- Partner better with stakeholders
- Fulfill our task to protect the environment and public health
- Be more consistent in our work.
- Manage limited staff resources as effectively as possible.



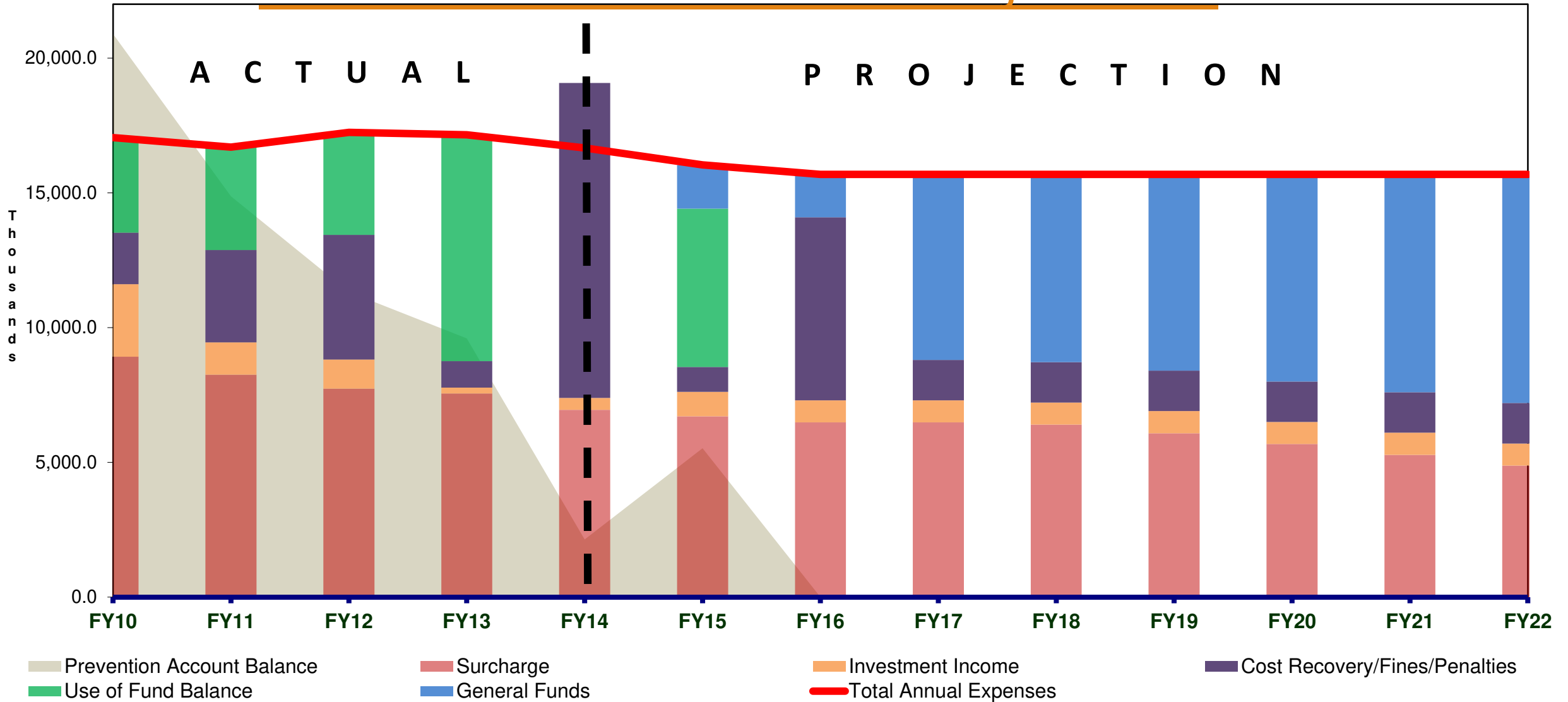
Five Reasons To Examine Processes Now

1. The Prevention Fund is dwindling due to a decrease in oil production.
2. It will be many years before production increases.
3. We are tasked with finding ways to increase revenue and reduce our spending.
4. We will not be given additional revenue without showing some spending cuts
5. There is a disconnect between planning and response that needs to be bridged.





Prevention Account Projection



What Does the Future Hold?

Increasing workload

- Smaller operators new to Alaska
- Increase in activity and exploration in the Arctic
- Refined fuel being shipped more frequently

Declining revenue

- 1 million barrels per day required to sustain SPAR through surcharge – current rate is approximately 500,000
- Production not expected to increase for at least 10 years



Financial Goal: SPAR needs to increase revenue while decreasing spending.

Ways we are increasing revenue:

Settlements

Using federal grants and RSAs to supplement our budget

More effective cost recovery

In the future we may pursue fees.



Ways we are decreasing spending:

Travel cut backs

Large purchases are being delayed

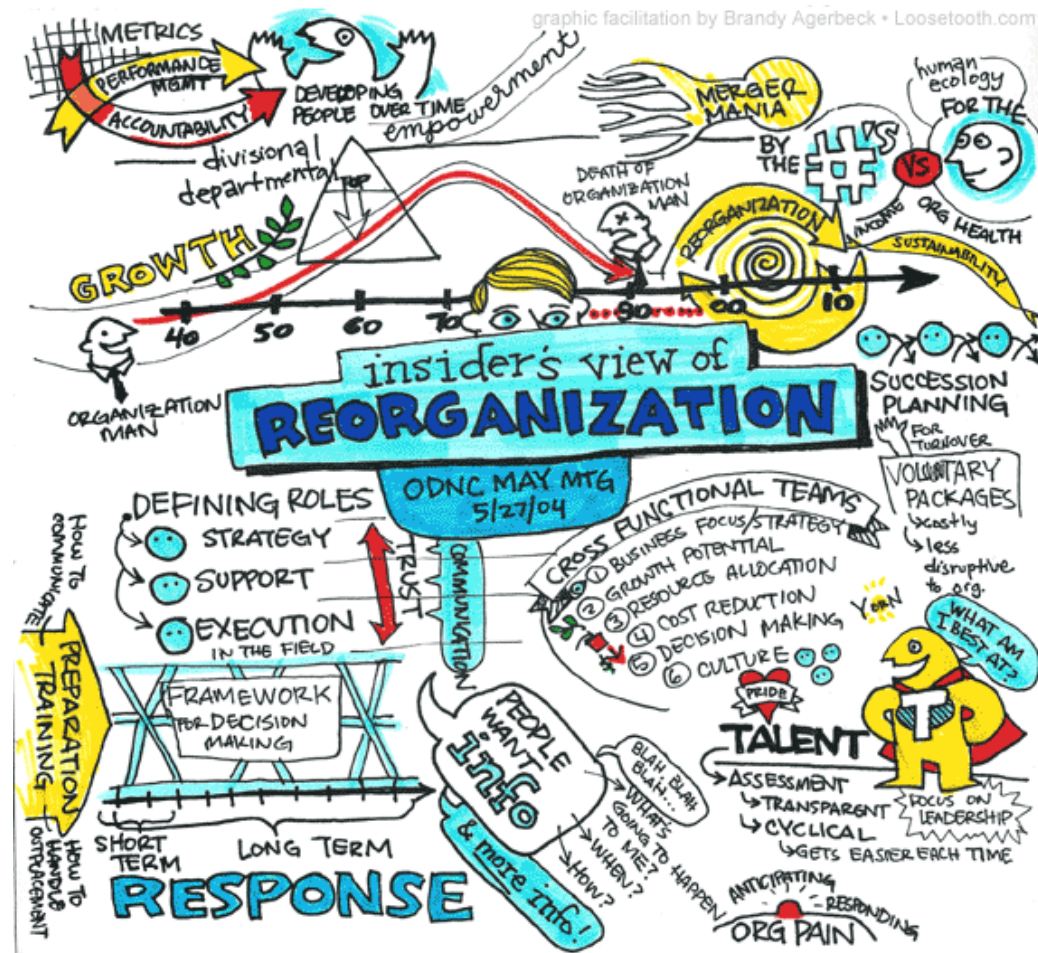
Vacant positions to remain unfilled

Minor budget changes to live within our means

Evaluating our need for remote offices

Combining programs





Last major reorganization of ADEC and SPAR was in 1995

- We need to make changes to reduce overall costs and improve operations.
- Goal is to avoid lay-offs and maintain our ability to protect the public & environment.

Building A New Program:

SPAR's Prevention and Emergency Response Program (**PERP**) is teaming with Industry Preparedness Program (**IPP**). The new program will be called

Prevention, Preparedness, and Response (PPR).

PERP and IPP Staff are working collaboratively to:

- Identify gaps and areas of overlap
- Point out inconsistencies in procedures or processes
- Focus on problem solving
- Deliver continued protection of environment and human health
- Improve customer service to stakeholders and the public
- Make recommendations to the director



Prevention Preparedness and Response (PPR)

Will combine overlapping responsibilities of IPP and PERP:

- Better align planning efforts with drills, exercises, and response.
- Continued accountability on producers, transporters, and distributors of crude and refined oil.
- Increased attention on sub-area plans as the vehicle to get plan holders, government, and community members at the same table.
- Increasing consistency across industry plans.
- Ensuring regulatory standards are clear and based on risk.
- Broaden emergency response capacity.
- Better utilize limited staff resources for drills and exercises.

- Will not be reducing services. Rather we will better utilize existing staff to perform multiple functions.



Changes to work structure

- One program (PPR) will prepare for spills and respond to spills.
- Drills will be coordinated by a team of responders and contingency planners, working with industry and federal government.



Evaluating processes and implementing changes . . .takes time.

Your support and encouragement is appreciated as our division reorganizes to meet the challenges of today and tomorrow.

Questions?

