

Recovery of Cost for cleanup or containment of oil or hazardous substance releases or threatened releases



Under Alaska State Law, AS 46.08.070, the Department of Environmental Conservation (ADEC) has been given the authority to seek reimbursement for cost incurred in the cleanup or containment of oil or hazardous substance releases from those responsible for the spill or contamination of the environment. The department is responsible to ensure that

cleanup of a release of oil or hazardous substance is done in a way that protects the human health and the environment or that appropriate steps are taken to contain a release or threatened release.

Who are the Responsible parties (RP) and why do we recover cost from them?

The Responsible parties are the owner and/or operator of a vessel or facility from which a release or threatened release of oil or hazardous substance occurs or the owner of property contaminated by oil or any hazardous substance. ADEC is responsible to ensure that cleanup of a release of oil or hazardous substance is done in a way that protects human health and the environment or that appropriate steps are taken to contain a release or threatened release. Alaska Statute, AS 46.08.070 requires that costs in carrying out this responsibility must be promptly sought from the parties responsible for the contamination.

What costs are charged to the RP?

All reasonable costs associated with the cleanup, and/or containment of oil or any hazardous substance release or threatened release in the environment. Costs include both direct and indirect costs incurred by the state for oversight, containment, cleanup or remediation of a contaminated site.

Direct Costs include but are not limited to the following:

DEC's staff salaries and benefits such as health care, and employer payroll taxes. These costs are billed using an annually calculated standard hourly rate, by job classification. Direct personnel costs attributable to a site may include but are not limited to, time spent by DEC staff to:

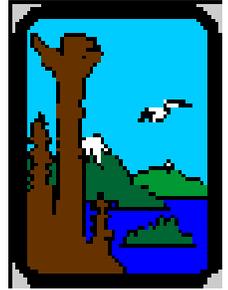
- Consult with the owner/or environmental consultants
- Visit the site
- Review data and reports describing the type and extent of contamination
- Review proposed cleanup actions
- Provide comments and/or direction on the preferred cleanup method or remedy
- Provide information about the site and opportunities for the general public to comment on the cleanup

Other direct costs include but are not limited to :

- Travel and per diem.
- Contracts
- Supplies
- Equipment
- Legal Services

Indirect Costs are those costs associated with operating the department and providing administrative and clerical support to department programs. Typical indirect costs may include:

- Office space, office equipment and supplies
- Administration
- Non-site specific activities of project staff, such as training and program administration



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- Clerical and administrative support
- Management supervision
- Development of technical guidance and policies
- Centralized services, such as accounting, budgeting, human resources, and information system.

How is the Cost Recovery Program hourly rate established?

The standard hourly rate for regular time is established by averaging the actual quarterly cost of positions by job class, then adding the indirect rate to the average hourly rate.

Specific steps for calculating the standard hourly rate are as follows: 1) the actual costs for salaries and benefits for one quarter of a fiscal year for each job class utilized by DEC are totaled, then divided by the number of positions in that job class, for a quarterly average; 2) the quarterly average is multiplied by 4 for a yearly average; 3) the yearly average is divided by 1763 *regular time hours in a year to get the average hourly rate; 4) indirect is added to the average hourly rate to get the standard hourly rate charged.

*Regular time hours in a year are calculated as follows:
 $365 \text{ (days in a year) } - 104 \text{ (weekends) } - 11 \text{ (holidays) } - 15 \text{ (average number of annual and sick days) } = 235 \text{ work days} \times 7.5 \text{ (daily work hours) } = 1762.5 \text{ hours, rounded up to } 1763.$

How are the indirect rates established?

The DEC's indirect rate is negotiated with the Federal Environmental Protection Agency (EPA) and is also used to charge costs against Federal grants and cooperative agreements. Current year indirect rate is 36.98%.