

TAC MEETING

JANUARY 23, 2013

Members

Stephen Ricks
Matt Rezvani
Deb Self
R. Mitchell Beauchamp
Michael Ziccardi
John Berge

Agencies

Jonathan Bishop
Gary Gregory
Linda Scourtis
LCDR Kerry Karwan
Dave Brown

OSPR Participants

Captain Thomas Cullen
Yvonne Addassi
Julie Yamamoto
Stephen Sawyer
Garry Smith

1. Introductions

2. Approval of Minutes

3. OSPR Update

- Budget Cuts. Due to the elimination of salary savings, OSPR needs to identify \$1.5 million to fully fund the all personnel. Programs are looking at 10 – 30% cuts and will reassess budget projections in March. OSPR has also cut some agency contracts (DOGR, BCDC, CCC), and if needed, will look at elimination of vacant positions.
- Inland Program. As discussed in previous meetings, Fund 207 is no longer solvent and measures are being taken with the Department's regions to address inland spill response until a more permanent fix is found. OSPR Executive met with the Department of Toxic Substances Control, DOGGR and Federal EPA to further strengthen partnerships. Deb Self posed the question regarding TACs authority over inland and wanted the meeting minutes to reflect this question and if so, does TAC have the proper representation to cover inland. The committee further discussed oil, deleterious substances and what was covered in SB 2040. Additionally, the committee discussed the differences between agency's authority, with OSPR and DFW having the primary authority for response, whereas other agencies are looking at leases, land, air and water standards, etc. One member believed that funding for inland should be separate from hydraulic fracturing. Clarification was provided regarding OSPR's and DOGGR's role in prevention and response, and the need for Contingency Planning for inland. Summary: Please keep TAC posted on the inland issues. This is a priority issue for TAC and the DFW Director. Strategic question about how to fund OSPR at the right level and prioritize key issues. Subcommittee of TAC (who work with the Legislature) to look at the avenues for revenues and cost savings, etc. and put that before industry. Matt Rezvani suggested an exercise to look at the current cost savings within OSPR and thought this would go a long way with industry
- Audits and good working relationship with Law Enforcement Division (LED). Based on recommendations in the audit, OSPR has been working with DFW to strengthen working relationships, specifically with the law enforcement, information technology and administrative

divisions. One member expressed concern that with LED being responsible for response (and not under OSPR's direct authority), this can be personality driven. Examples were provided for how these issues are being address including written agreements delineating Operational control and Tactical control (as in Coast Guard). LED, ITB and LEGAL are under OSPR's tactical control.

- BC State task force video almost done.
- Drills and Exercises. The Spill Management Team (SMT) unannounced drill program began. Chevron Shipping served as the test run December 13. More drills to follow.
- Responses: The Overseas Reymar event provided opportunities for improvement. As a response community, there is more that can be done. A hotwash was conducted, and OSPR will be implementing weekly unannounced drills, in-house. An internal Emergency Broadcast System (EBS) twitter process is being developed and exercised regularly.
- California Marine Leadership Council: February 20-22 in Sacramento
- Chevron & OSPR Technology Workshop will be held February 26 - 28th at the Chevron facility in San Ramon.
- Environmental Response to Oil Spills (EROS) training is scheduled to be held in San Francisco, March 5 – 8.

4. **Agency Briefings:**

State Lands Commission (SLC): Gary Gregory.

See SLC handout posted on the web. Highlights include:

- Wanted feedback regarding details for future reports, as his report is shorter than those previously provided.
- Data for transfer operations for 2012. 1.76 million barrels coming across the dock every day. Last year, 16 gallons spilled during transfer operations - Believe this points to the success of the program. Many concurred it was good to see change in the movement and amount been spilled. Question: Do other States have this data? SLC Answer: not sure but have discussed this with WA and OR.
- California Maritime Leadership Council - February 20-21 at the Sacramento Convention Center. State Lands will be receiving an award for 75 years of service. Dick McKenna from the So. California Marine Exchange will receive a leadership award.

California Coastal Commission (CCC): Jonathan Bishop.

See CCC handout posted on the web. Highlights include:

- Staff is working on the comprehensive update of Los Angeles Harbor Safety plan. Drafts being reviewed by committee.
- Attending Statewide ACP and RRT meetings and continued work on ART workgroup.
- Staff working on coastal permitting and development project proposed by PXP facilities (OSC platform) and performing a coastal consistency review.

- Staff and leadership met with OSPR regarding 30% budget cut effective immediately and will continue look at where we can be more efficient.

San Francisco Bay Conservation and Development Commission (BCDC): Linda Scourtis.

See handout posted on the web. Highlights include:

- Staff working on the Oversea Reymar follow-up and tug standards in the bay. A clarifying question regarding HSC report and if the HSC agree to remove the Bay Bridge as a navigational hazard. Answer: yes, it was excluded and now this decision is being revisited.

United States Coast Guard (USCG): Kerry Karwan.

See handout posted on the web. Highlights include:

- Panga discussion. Interesting fact being researched with Coast Guard: Sector San Francisco had the most federalize cases, with about the same number of cases, as any other port. Sector SF seems to have more folks “less willing” to address concerns and Coast Guard needs to step in. Question was asked about normalizing the data based on vessel activity. There are on-going budget issues and travel restrictions, so it’s likely the Coast Guard will not have the same person attending TAC meetings. Currently, physical responses are now being cut back to a “sheening standard.”

5. Audit Update: Helen Carriker, DFW

Helen provided specifics to the \$27.3 number outlined in the audit. There have been several mechanisms used over the years to determine the amount charged to the federal government for distributed administration for the DFW. Some included actual amounts spent; some were based on projected amounts with the unspent balance rolling over to subsequent years. Currently, the Feds ask that monies be based on actual amounts, so a number had to be developed as a basis for determining the overhead rate. The \$27.3 million is the basis for determining the overhead rate and IS NOT an actual amount of monies to be allocated, or refunding or in any way, utilized other than for calculations. The audit was misleading in this regard and the funds were not paid out of the 320 OSPR funds but out of distributed admin. As it turns out, that between what DFW could have charged the feds and what DFW actually charged was approximately 2 percent. The calculation to the OSPAF is \$20,000. The monies will be returned at the end of the year. The amount of distributed admin per year is about \$100,000 for the entire department and OSPR gets a portion of that. The overhead rate from the OSPAF to the Department has been reconciled and is approximately 29 percent depending on actual expenditures. Question: How is the fund condition assessed and reconciled? Answer: Department of Finance (DOF) provided a step-by-step method to reconcile between DOF and DFW budgets (this happened after the budgetary problems at State Parks). Question regarding overhead funding and accounting of OSPR functions being straight-lined to DFW including LED, IT and Legal. TAC members want to see the dollar amount spent for overhead, year to year.

Question: During response, does distributed admin get charged to the RP.? Answer: Yes.
Question: How are OSPR and DFW addressing the potential for duplication of administrative services between the two? Answer: DFW is working closely with OSPR to see what is and isn't overlap. This led to a discussion about what would generally be considered overlap (general administration) and what would not, such as the Certificate of Financial Responsibility (COFR) program. Deb Self asked for actual numbers to be determined (versus 27.3 million) and put this information in the 6-month audit letter that could also be used in working with legislators. This is being worked on and will be included in the letter. Question: The audit discussed funding for programs other than 320 and 321. What do these include? Answer: Certain amount of monies paid by the Marine Invasive Species fund, as well as the preservation fund and the general fund. An important point raised by SLC: The DOF audit stated that the amount of revenues coming into the OSPAF is adequate and this is not the case. The funding is still in deficit every year (structural deficit).

6. **Fund Condition:** Becky Mack is the new OSPR budget analyst and provided an overview of the current budget, revenues and projections. As requested by the TAC, she will add a footnote to these spread sheets that show actual dollars paid for DFW overhead. Question from TAC: What is included in the 29 percent overhead paid to DFW? This answer will be provided at the next TAC Meeting.

7. Discussion of TAC Report: Rough Draft

There was a general discussion regarding the TAC Report. Several questions were raised regarding the statutory language about the TAC responsibilities and does TAC "continuously" monitor the fund and what does this really mean. It was agreed that the report should include identification of programmatic priorities and the PYs assigned to meet these priorities. There should also be a qualitative understanding of what the OSPAF current pays for, and is this the right level to meet statutory requirements. More specifically, is the agency at the right size to meet the best achievable protection standard (BAP): i.e., what are program priorities and how is OSPR structured to meet the BAP.

TAC agreed it would be helpful (in terms of meeting their oversight responsibilities) to have concepts and initiatives for SLC and OSPR presented as early as possible, perhaps at the budget change concept level.

8. Director Visit:

Director Bonham met with the TAC committee and provided an overview of his vision for the Department, his commitment to spill response and restoration and his willingness to study the hard questions (is OSPR best positioned within the DFW) honestly and fairly to meet the BAP standard

Meeting Adjourned

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