

Oil Spill Contingency Planning Annual Report

November 2016



State of Oregon
Department of
Environmental
Quality

Emergency Response Program

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*DEQ is a leader in restoring,
maintaining and enhancing
the quality of Oregon's air,
land and water.*

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Executive Summary

This report documents fees collected for oil spill contingency planning and related activities conducted by the Oregon Department of Environmental Quality for the 2016 fiscal year beginning July 1, 2015 and ending June 30,

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2016. It also provides an analysis to ensure that sufficient fees are collected to meet DEQ's budgetary needs for oil spill contingency planning. This report is made available to those who paid fees under Oregon Revised Statute 468B.405 and to the general public.

This report is required by ORS 468B.300 and 468B.405 – the state statutes governing oil spill contingency planning requirements and associated oil spill contingency planning fees for covered vessels and facilities. The fees are dedicated to implement work required of DEQ by ORS 468B.300 through 468B.500. Each year DEQ publishes a report for the previous fiscal year addressing:

- Fees assessed and collected under ORS 468B.405 on covered vessels and offshore and onshore facilities
- DEQ activities described by ORS 468B.410(4)
- Details on penalty funds received due to the willful or negligent discharge of oil and the use of those funds.

During the 78th Oregon Legislative Assembly (2015 regular session), the Oregon Legislature passed Senate Bill 262, which was signed into law. SB 262 amended ORS 468B.405 fees on covered vessels and offshore and onshore facilities, 468B.455 Oil Spillage Control Fund and 468B.412, which adds the requirement to report the amount of penalties recovered by DEQ under ORS 468B.450 and the activities of DEQ under ORS 468B.455(2).

Revenue generated from the oil spill contingency planning fee has been less than forecasted for each year after the fees went into effect since FY 2007. The state cannot operate with a deficit, so DEQ cut back on several activities related to oil spill contingency planning and preparedness during the 2013-15 biennium. The fee increase passed into law in 2015 took effect on Oct. 3rd, 2016 so the full realization of the fee on an annual basis will not be evident until the completion of FY 2017. However due to the fee increase, DEQ was able to restore activity levels during FY 2016. DEQ focused on drills and exercises because they are important activities that ensures plan holders and state responders are able to effectively respond to spills. DEQ also managed to reduce the backlog of contingency plans under review during FY 2016. This was accomplished despite shipping activities that decreased (and therefore revenue) in FY 2016. The combined effect of reduced shipping levels, the fee increase and fund balance carryover from FY 2015 still allowed DEQ to operate at anticipated activity levels.

The number of fixed offshore and onshore facilities remained constant for the first three years since 2007; several facilities have been deregulated or closed and a new facility opened over the last few years. This has kept the funding from facilities fairly steady. DEQ anticipates that there may be one or two more facility closures over the next few years.

Fees from tank vessels and barges have not generated as much revenue as projected during the past eight years. Activities for these categories appeared to be leveling off between 2011 and 2012, however barge activity dropped substantially during FY 2016. The type 1 and type 2 barge fee category generated less revenue than projected during FY 2016, partially due the reduction of bunkering on the Columbia and Willamette Rivers.

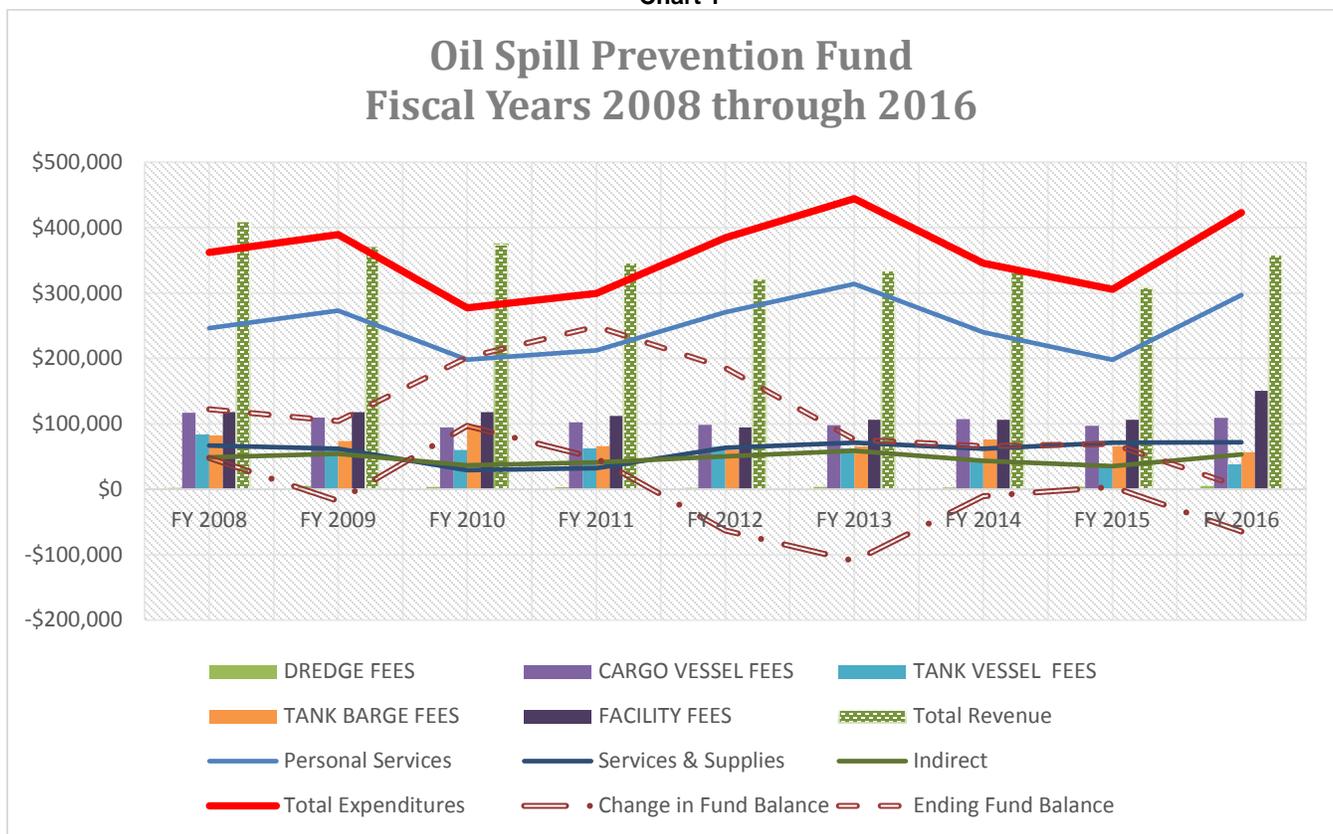
Fees collected from cargo vessels declined from 2009 through 2015 and appeared to be leveling off over the past six years. During FY 2016, cargo vessel activity dropped off dramatically with a reduction of over 14% from FY 2015.

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During the 2011-13 biennium, the Oil Spill Contingency Planning program was fully staffed. For the 2013-15 biennium, DEQ operated at a level lower than authorized by the Legislature in an effort to reduce expenditures of revenues generated by the oil spill contingency planning fee. At the beginning of FY 2014 (beginning July 1, 2013) the projected shortfall without changing program activities was estimated at \$67,000. DEQ managed the shortfall carefully by assigning employees normally assigned to oil spill contingency planning activities to projects that are paid for by other funding. By reducing the FTE paid for by the Oil Spill Contingency Planning fees the fund balance at the end of FY 2015 was \$67,728.

Chart 1 provides an overall analysis of both expenditures and revenue for the Oil Spill Contingency Planning program since FY 2008. Total revenue leveled off between 2012 and 2015 and the ending balance for each year has had a minor reduction. Personal Services shows a reduction during FY 2013, 2014 and 2015 and an increase to approximately 2.9 FTE during FY 2016.

Chart 1



Oil spill contingency planning and preparedness fees were not increased between 2007 and 2015. Fee generating activities declined during this period resulting in fewer funds to administer the program. DEQ requested a fee increase during the 2015 legislative session. If fees had not increased, DEQ would have reduced personal services level to 1.5 FTE or about half authorized. This staffing level would have created a longer backlog of contingency plans requiring review and approval, and drastically reduce DEQ's participation in drills and exercises. The fee increase approved by the Legislature in 2015 intended to provide an appropriate workload level that ensures continuation of oil spill contingency planning and preparedness to protect Oregon's marine environment.

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Again, DEQ did not receive fee revenue projected in FY 2016 due to fewer fee generating activities. DEQ managed this shortfall by using carryover from FY 2015. Revised projections for FY 2017, using estimates based on the FY 2016 fee generating activities should generate enough revenue to allow DEQ to maintain almost 3 FTE for the year. Looking forward towards FY 2018 and FY 2019, if the fee generating activities remain at FY 2016 levels, the program will need to look at reducing activities or using some of the funds generated in the Oil Spillage Control Fund. DEQ will not be seeking a fee increase for oil spill contingency planning during the 2017 legislative session. DEQ will need to monitor fee generating activities closely during FY 2017 and 2018 and may need to consider a fee increase during the 2019 legislative session.

Fee Categories

Categories Established by SB 105	Facilities	Cargo and Passenger Vessels	Tank Vessels	Type 1 Barges	Type 2 Barges	Type 3 Barges	Dredges
SB 262 Fees	\$9,250	\$105	\$2,100	\$85	\$110	\$250	\$50
Notes:							
Barge Type 1: vessel carries less than 25,000 barrels of oil							
Barge Type 2: vessel that carries over 25,000 and less than 100,000 barrels of oil							
Barge Type 3: vessel that carries over 100,000 barrels of oil							
Fee rates for facilities are an annual payment; vessels are per trip; and for dredges per day of operation.							

Oregon Revised Statute 468B.405 establishes fees to fund DEQ’s oil spill contingency planning requirements. DEQ collects these fees from facilities (including pipelines) that transfer oil in bulk over state defined navigable waters and covered vessels. Covered vessels include vessels more than 300 gross tons, tank ships, barges transporting oil in bulk and dredges. The table below reflects the fee for each category established by SB 262. These went into effect Oct. 5, 2015.

DEQ worked with the petroleum and maritime industry to forecast the number of annual activities generating fees under ORS 468.B.405. Table 2 shows the actual fee-generating events and the actual events for fiscal years 2008 to 2016.

Table 1 Fees by Category

Table 2. 2016 Actual Fee-Generating Events for Fiscal Years 2008 through 2016

TYPE	FY 2008 Activity	FY 2009 Activity	FY 2010 Activity	FY 2011 Activity	FY 2012 Activity	FY 2013 Activity	FY 2014 Activity	FY 2015 Activity	FY 2016 Activity
Facilities	20	20	20	17	17	17	17	18	18
Cargo Vessels	1,826	1,508	1,386	1,457	1,393	1,386	1,465	1,385	1183
Tank Vessels	71	52	54	49	54	52	32	31	26
Barge Type 1	568	476	581	554	454	294	314	288	156
Barge Type 2	582	566	492	386	425	602	680	527	374
Barge Type 3	43	50	55	41	43	66	96	89	85
Dredges	58	140	73	84	61	96	69	112	106

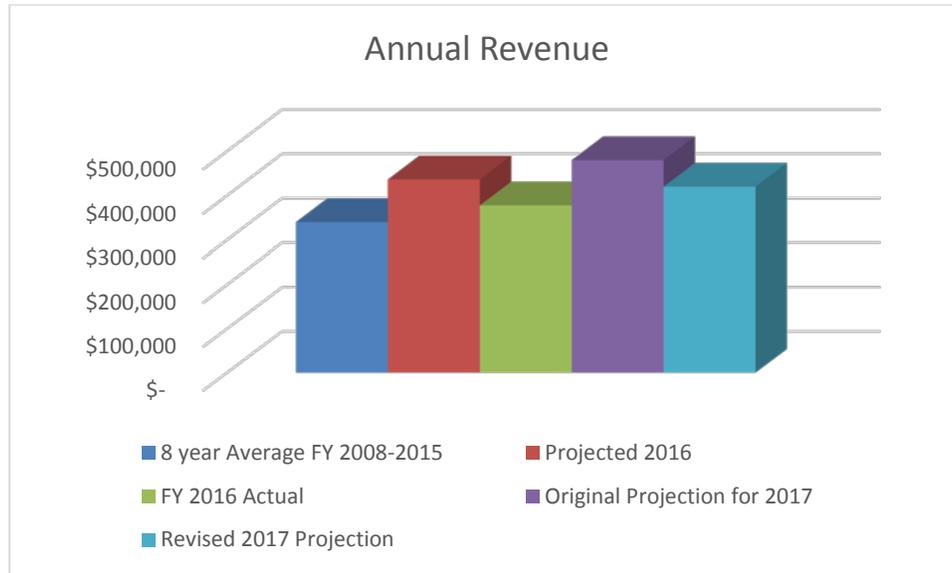
Projected and Collected Revenue

Table 3 and Chart 2 show projected revenue for FY 2016 and 2017 based on forecasted activity levels for each fee category, the actual revenue collected during the past two fiscal years, and an eight-year average from 2008 through 2015. The total target revenue level calculated in 2007 was \$416,120 and the total target revenue level for 2017 is \$479,600. This represents an increase of 15 percent over 10 years.

Table 3 Eight-Year Average Revenue, Actual Revenue Fiscal Year 2016 And Projected Revenue Fiscal Year 2016 & 2017

Type	8 year Average FY 2008-2015	SB 262 Projected 2016 Funds	Actual Funds FY 2016	SB 262 Projected 2017 Funds	Revised 2017 Projection
Facilities	\$ 107,675	\$ 150,696	\$ 150,696	\$ 166,500	\$ 148,000
Cargo Vessels	\$ 102,392	\$ 136,675	\$ 113,190	\$ 149,100	\$ 126,000
Tank Vessels	\$ 58,372	\$ 56,250	\$ 42,900	\$ 63,000	\$ 54,600
Barge Type 1	\$ 27,032	\$ 28,563	\$ 12,060	\$ 29,750	\$ 17,000
Barge Type 2	\$ 35,376	\$ 47,500	\$ 37,340	\$ 52,250	\$ 49,500
Barge Type 3	\$ 5,975	\$ 12,750	\$ 16,900	\$ 15,000	\$ 21,250
Dredges	\$ 3,119	\$ 3,720	\$ 4,530	\$ 4,000	\$ 3,500
Total	\$ 339,941	\$ 436,154	\$ 377,616	\$ 479,600	\$ 419,850

Chart 2
Eight Year Average and FY 2016 Annual Revenue
and FY 2016 & FY 2017 Projections



DEQ Oil Spill Contingency Planning Activities Conducted in Fiscal Year 2016

DEQ responsibilities under the state's statutes on oil spill contingency planning are:

- To ensure all regulated vessels and facilities have prepared oil spill contingency plans and that those plans meet requirements specific to protecting Oregon's navigable waterways
- To verify that equipment listed in oil spill contingency plans is available and adequately maintained; that personnel listed in the plans are trained; and that drills and exercises are conducted.
- To conduct drills and exercises in accordance with the Northwest Area Plan and promote a consistent approach.

DEQ activities also charged to the Oil Spill Contingency Planning Fund include:

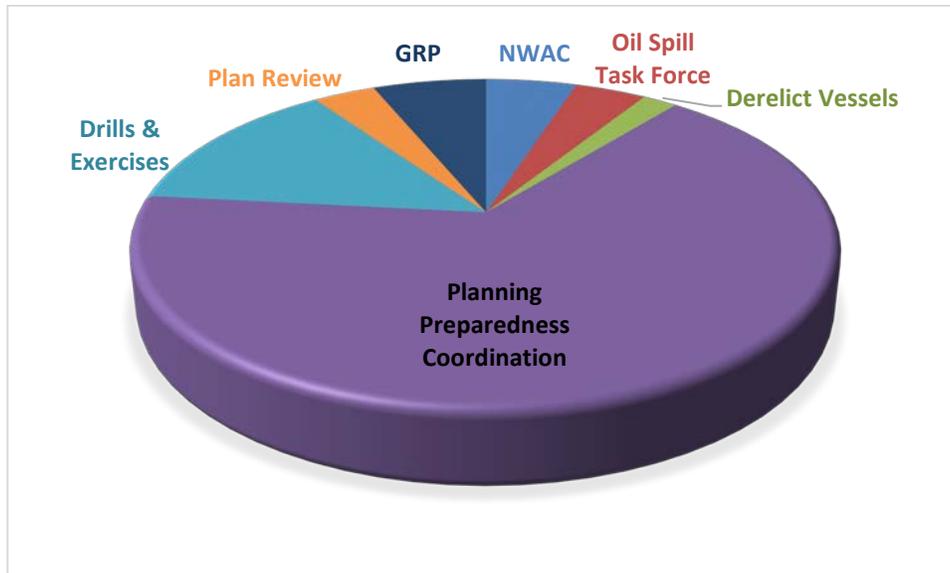
- Geographic Response Plan updates
- Developing and maintaining an interagency response plan for oil or hazardous material spills
- Northwest Area Committee participation (Updates to Northwest Area Plan, Regional Response Team coordination)
- Oil spill preparedness training (including drills and exercises)

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- Pacific States/British Columbia Oil Spill Task Force activities

DEQ charged an approximate 3.0 Full-Time Equivalent staff position to the oil spill contingency planning fund during FY 2015. This increased from 2.0 FTE charged in FY 2015 and compares to 3.0 FTE during the 2011-13 biennium. DEQ's operational budget allowed for 3.0 FTE. Chart 3 below shows how the activities were charged to the fund.

Chart 3 Program Activities



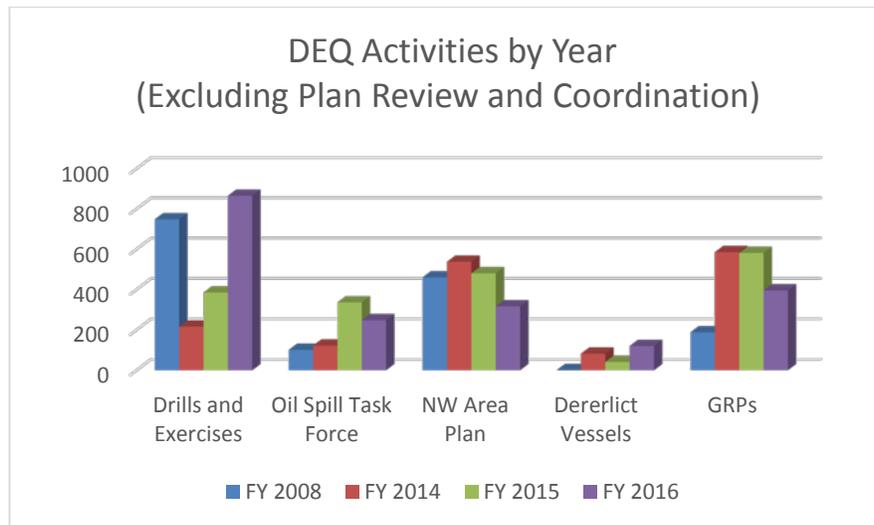
Plan Review/Coordination

DEQ used approximately two FTE of time charged to the oil spill contingency planning fund on plan review, preparedness and coordination with plan holders. With this level of effort, DEQ managed to reduce the backlog of plans requiring review. DEQ currently has 18 facility plan holders and six vessel plans to review and maintain. DEQ approves plans for a five-year period and reviews any significant changes to plans made during the year. DEQ approved five plans covering three facilities and two shipping companies during FY 2016:

- Tesoro Logistics Oregon Pipeline
- SeaRiver Maritime
- Chevron Shipping Co
- BP Portland Terminal
- Pacific Terminal Services

DEQ has a public comment period of no less than 30 days for each plan under review. DEQ makes plans available for public review through its website or by hard copy at DEQ Headquarters office.

Chart 4 Hours Charged to Specific Activities by Year



Drills and Exercises

DEQ participated in and evaluated several exercises during FY 2016. Drills and exercises are an important aspect of this program testing the organizational and operational skills of plan holders. Drills and exercises help meet DEQ’s objective to work with industry and agency counterparts to train and prepare for spills. Drills and exercises demonstrate the ability to respond to an oil spill in a quick, efficient manner. Lessons learned from drills and exercises assist participants in improving the incident response capacity.

Worst-case discharge exercises for FY 2016 included:

- Columbia Pacific Bio Refinery
- Harley Marine
- Pacific Terminal Services
- Chevron Shipping
- Chevron Willbridge Terminal

Tabletop exercises included:

- Arc Terminals
- BP Portland Terminal
- Chevron Willbridge Terminal
- Maritime Fire and Safety Association
- Tidewater Barge Lines
- Tidewater Terminals
- Phillips-66
- Kinder Morgan Willbridge Terminal

One facility was unable to satisfactorily demonstrate their ability to manage a successful incident management team and therefore failed their exercise. The facility engaged in increased training and successfully executed another drill within 6 months of the initial failure.

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DEQ staff participated in and observed several government-initiated unannounced exercises and equipment deployment drills. These exercises provided an opportunity for DEQ to work with its federal partners (U.S. Coast Guard and U.S. Environmental Protection Agency) as well as other key response personnel.

DEQ followed the Northwest Area Contingency Plan and protocols extensively at drills and exercises. DEQ staffed positions in the Unified Command including Command Staff, Joint Information Center, Planning Section, as well as liaison and environmental unit. DEQ also participated in the annual Clean Rivers Mutual Aid Exercise (equipment deployment and Geographic Response Plan verification) on the Columbia and Willamette Rivers and their wildlife equipment deployment exercise.

Regional Response Team and Northwest Area Committee

The Northwest Area Committee continued the recently adopted approach where members and stakeholders identified top priorities for improving the Northwest Area Contingency Plan. New task forces updated four areas of the plan. The task forces work through the year to improve content in their assigned areas. The new content will be included in the next area plan update early in 2017. The task forces will disband when they complete their assignments.

Task forces that DEQ participated in for FY 2016:

- 96 Hours

The 96 Hours Task Force focused on improving the first 96 hours of responses by defining critical initial response milestones, identifying tools for effective external communication and clearly documenting how the Area Plan works with other contingency plans (LEPCs, industry, etc.)

- Air Monitoring for Community and Responder Safety

The Air Monitoring Task Force focused on identifying private and government air monitoring capability and how those capabilities will be coordinated to conduct air monitoring during incident responses where airborne contaminants (volatiles, particulates from burning, etc.) may pose a risk to local communities or responders. The Task Force also identified roles and responsibilities/ jurisdictions of Local Health Departments and Local Air Authorities, and how they would integrate into the response.

- Tribal Engagement

The Tribal Engagement Task Force focused on creating a clear process for tribes to join the Regional Response Team (RRT), stating RRT expectations of tribal participation, and creating a Tribal Engagement Strategy. The Tribal Engagement Strategy will identify short and long term goals and objectives for tribal engagement and sovereign interests, capture on-going tribal engagement efforts to identify effective strategies and gaps; include best practices and recommendations for future actions for improving tribal involvement.

- Update Dispersant Decision Making Tools

The Dispersant Decision Making Tools Task Force revised the content of Chapter 9406 of the NW Area Plan, including revision of the dispersant memo and checklist used to document decision making, inclusion of information that clarifies how dispersants are chosen and required testing protocols to monitor dispersal application during use. An updated map was created to show

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dispersant use zones, including updates to the Puget Sound and Straits, and areas where dispersant use is possible based on a case-by-case determination.

Geographic Response Plan Development

DEQ develops and maintains geographic response plans to cover the first 12 to 24 hours following a significant spill or release to coastal shoreline and bays, and major river systems. These plans identify resources to be protected and describe strategies to protect resources and recover released oils. Response contractors use these plans to provide a coordinated initial response until a Unified Command can be established. DEQ periodically updates the plans as information changes or new resource information becomes available.

In FY 2016, DEQ conducted the following activities in support of Geographic Response Plan development and/or maintenance:

- Incorporated the results of the two-year project with Portland State University's Center for Spatial Analysis and Research to update all Geographic Information System data used to support incident response, including an update of the Oregon Incident Response Information System (OR-IRIS).
- Along with the recent delivery of the updated Environmental Sensitivity Index for the Oregon Coast by the National Oceanic and Atmospheric Administration's contractor, the data will be used as base data to support update of the Oregon South and North Coast Geographic Response Plans.
- Worked with the University of Washington Geographic Information Systems Program students to leverage the work of the 2015 UW Team to bring older geographic response plan strategy data into a consistent format in newer GIS program files. The Oregon GRP strategy information was incorporated into NOAA's Emergency Response Management Application for use in incident response and as a mechanism for providing access to stakeholders and the public.
- Completed a project with UW GIS Program to identify methods for automation of the means to publish GRP data leveraging new features in ArcGIS and custom python script development.

By incorporating the GRP information into NOAA's ERMA, the data will be more easily accessed by stakeholders and will be used as a means to capture local stakeholder input to future updates of response plans.

In late 2016 and in 2017, DEQ anticipates conducting the following activities in support of GRP development:

- Participation in work groups focused on developing a new, consolidated coastal access database for Oregon, providing a GIS data for beach, river and lake access points for all modes of access from visual overlooks, pedestrian access, vehicle and boat access as well as piers and wharfs.
- Conduct outreach meetings to update the Oregon Coastal GRPs, using NOAA's ERMA platform to capture needed updates.
- Continue to develop the means to automate GRP publishing leveraging existing data, new features in ArcGIS and potentially, incorporation of features in GeoCortex GIS mapping software.

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DEQ is seeking placement of a NOAA Coastal Fellow to further develop the means of publishing GRP data, and assist in producing updated coastal zone GRPs.

Pacific States/British Columbia Oil Spill Task Force

Oregon is a member of the Pacific States/British Columbia Oil Spill Task Force. The task force provides a regional forum for coordination and collaboration on oil spill prevention and response policy issues. Task force members are the state and provincial government directors of the oil spill prevention and response agencies in Hawaii, California, Oregon, Washington, British Columbia and Alaska. DEQ's director serves as Oregon's representative to the task force.

DEQ is selective about participation in task force activities, as some projects are not within scope of the Oregon Oil Spill Prevention and Preparedness program. Task force projects that DEQ participated in during the past year include:

- Regional Oil Spill Database
- Integration of the regional oil spill database into NOAA's Pacific Northwest Environmental Response Management Application. ERMA[®] is an online mapping tool that integrates both static and real-time data, such as Environmental Sensitivity Index (ESI) maps, ship locations, weather, and ocean currents, in a centralized, easy-to-use format for environmental responders and decision makers.
- Information Exchange on Contingency Planning, Drills and Exercises, Mutual Aid, Oil Spill Response Organizations, Natural Resource Damage Assessment and Wildlife Care
- Analysis of information generated from national and international spills
- Federal Partnership meetings

DEQ participated in the Oil Spill Task Force annual meeting in June, 2015 and participated in the planning and implementation of the Clean Pacific Conference. DEQ staff also chaired two sessions at Clean Pacific. Overall there was a decrease in hours that DEQ allocated to the Oil Spill Task Force.

Oil Spillage Control Fund

The original Oil Spill Contingency Planning Act, passed in 1991, established the Oil Spillage Control Fund (ORS 468B.455). All penalties recovered through civil penalties for violations related to the willful or negligent discharge of oil are to be deposited in this fund. House Bill 262, passed during the 2015 regular legislative session, changed the allowable use of the Oil Spillage Control Fund. Before the 2015 regular legislative session the fund could only be used for the advancement of cost incurred in carrying out cleanup activities and for the rehabilitation of affected fish and wildlife. SB 262 amends allowable uses of the fund to include: reviewing contingency plans; conducting training, response exercises, inspections and tests to verify equipment inventories and ability to prevent and respond to oil release emergencies or establish the preparedness of the state; verify or establish proof of financial responsibility; and reviewing and revising the oil spill emergency response plan required by ORS 468B.495.

Additionally, SB 262 requires that the report required by ORS 468B.412 (this report) shall include penalties recovered by DEQ and the agency's activities related to this account. For FY 2016 the OSCF received \$24,784.

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Expenditures from the fund were \$15,661 and were used for purposes of carrying out cleanup activities which were authorized under the original statutes. No activities were charged to the OSCF as a result of changes due to SB 262.

Conclusion

DEQ fees for oil spill contingency planning and preparedness had not increased since 2007 and to maintain a sustainable oil spill contingency planning program, DEQ worked with industry to develop a reasonable fee increase during the 2015 legislative session. Had fees not increased, DEQ would have reduced personal services level to 1.5 FTE resulting in a long backlog of contingency plans requiring review and drastically reduced DEQ participation in drills and exercises. The approved legislation allows DEQ to dedicate up to 3.3 FTE toward the Oil Spill Contingency Planning Program during the 2015-17 biennium if there is enough revenue generating activities to support that level of workload.

The Oil Spill Contingency Planning fund collected \$377,616 during FY 2016 and had program expenditures of \$423,145. This expenditure funded approximately 2.9 FTE. During FY 2016 the fee increase did not take effect until the second quarter of FY 2016 and the decrease in projected revenue generating activities led to lower funding than anticipated. At the same time DEQ was in the process of restoring the program activity to the approved level. Under other circumstances, the Department would have been facing a fund deficit but was able to make up for the difference using the fund balance carryover from FY 2015. The fund balance at the end of FY 2016 is nearly zero and carryover to FY 2016 will be negligible.

For FY 2017, the fee approved in 2015 will be in effect for the whole year. Chart 3 shows that the original projection for FY 2017 would generate approximately \$479,600. Revised fees projections for FY 2017 should generate approximately \$419,850 using estimates based on the FY 2016 fee generating activities staying about the same as FY 2015. While this is not as much as anticipated, it should allow DEQ to maintain almost 3.0 FTE for the year. Looking forward towards FY 2018 and FY 2019, if the fee generating activities remain at FY 2016 levels, the program will need to look at reducing activities or using some of the funds generated in the Oil Spillage Control Fund.