

EQC Presentation Outline April 20, 2016

Legislative Updates

- 2016 Session
 - Air toxics package
 - Greenhouse gas emissions study
 - Onsite loan program
 - Other observations
- May 23-26 Legislative Days

State Budget Development Kickoff Meeting

- Overall climate
- General Fund status
- Taxing measures
- Governor's strategic plan focus teams
 - Healthy, Safe Oregonians
 - Responsible Environmental Stewardship
 - Excellence in State Government
 - A Thriving State Economy
 - A Seamless System of Education

DEQ 2017-19 Agency Request Budget Development Process

- Timeline (handout)
- DEQ Legislative concepts
 - Oregon Dry Cleaner Program, including fees
 - Underground Storage Tank Compliance Tank Fee Increase
 - Air Toxics (placeholder)
 - Environmental Data Management System (placeholder)
- DEQ Policy packages (handout – DEQ 2017-19 package summary)
 - Your reflections
- June 8-9 EQC meeting

Questions?

DEQ's 2017-19 Legislative Agenda Development Timeline

June 2015

- DEQ's 2015-17 Budget adopted

August – December 2015

- Development of 2015-17 Operating Budget
- Analyze priority work and determine need for policy packages or legislative concepts

August 2015

- 12-13 – EQC meeting – presented new ARB development process; discussion on commission engagement

October 2015

- 14-15 – EQC meeting – update on ARB development process

November 2015

- 5 – EQC meeting – special meeting to focus on agency strategic directions and 2017-19 ARB development

December 2015

- 9-10 - EQC meeting – updates on the 2017-19 legislative agenda; 2016 legislative activities and budget

January - September 2016

- Development begins on 2017-19 Budget
 - Determine cost of currently approved programs adjusting for 2017-19 costs
 - Estimate future revenues
 - Develop the Trial Budget, DEQ's look at affordability for 2017-19
 - Shift work between funding sources
 - Establish tentative reductions to balance the 2017-19 Trial Budget
 - Determine which reductions will be made permanent and which DEQ will ask to "restore" through requests for new General Funds, new fees or increases to current fees – If any
 - Develop 10% budget reduction options on all funding types; likely need to do 20% for GF & LF.
 - Refine budget package proposals for new work that DEQ anticipates doing
 - Refine legislative concepts

February 2016

- 1 - Legislative Session begins
- 2-3 - EQC Meeting
 - Budget Update
 - Discussion of projected General Fund availability for 2017-19 and implications for funding prospective policy packages
 - Preview of 2016 Session
 - Focus on draft legislative concepts and budget policy packages

March 2016

- 6 – Legislative Session statutory end date
- 15 – Budget and Legislative Concept Instructions are released by DAS (estimated date)
- Ongoing legislative concept and budget policy package development

April 2016

- **15 – Legislative concepts are due to DAS**
- **20-21 – EQC meeting – review of policy packages and legislative concepts**
- **Stakeholder outreach**
- **Ongoing legislative concept and budget policy package development**

May 2016

- Ongoing budget development
- Stakeholder outreach

June 2016

- 3 - DAS submits approved legislative concepts to Legislative Counsel
- 8-9 - EQC Meeting – update on legislative agenda; finalize budget decisions prior to budget submittal to DAS for audit
- 24 - Last day to modify legislative concepts
- Budget request submitted to DAS for audit

July 2016

- Budget narrative development

August 2016

- 17-18 - EQC Meeting – legislative agenda update and Chair signs the Budget Certification Form (part of the agency of budget request document)
- Budget narrative development
- Work with Legislative Counsel on legislative concepts

September 2016

- 1 – Agency Request Budget document due to DAS and Governor
- Work with Legislative Counsel on legislative concepts

October 2016 – February 2017

- DEQ continues to work with Legislative Counsel on draft bills (legislative concepts)
- DAS and Governor review DEQ budget request
- DAS Analyst prepares Governor’s Recommended Budget.
- Governor’s Recommended Budget submitted to the Legislature (12/1)
- Governor pre-session files approved bills (12/9)

November 2016

- 2-3 EQC meeting – legislative agenda update

December 2016

- 1 – Governor's Recommended Budget is released

January 2017

- 9 – 2017 Legislative Session begins – organizational days (3 days)
- 18-19 – EQC meeting (tentative date) – pre-Session review of legislative agenda and Session activities

February 2017

- 6 – Regular 2017 Legislative Session begins

4/20/2016

DEQ 1719 Package Summary
DEQ Needs List

PKG NO	PROG	Package Title	Rank	Limitation	FTE	FUND TYPE	Position Classification & Location	DESCRIPTION
1	AM (agency management)	Electronic Data Management System		TBD	TBD	TBD	Various	EDMS is a suite of off-the-shelf software modules that would eventually replace most of the permitting technology systems at DEQ. It would also include modules that support the database of permitted facilities and agencywide invoicing, and potentially more systems. Implementation of EDMS will likely take between 4-6 years and would cost approximately \$12 million, including the staff to implement and train DEQ staff. DEQ is actively working with DAS and the state's Chief Information Officer to determine how to best acquire and then rollout EDMS. As part of scoping this project, DEQ is determining which modules will be incorporated into the 2017-19 request, versus request in 2019-21 and 2021-23. More details are to follow.
2	AM	Project management office			1.0	Ind.	PM 3	DEQ has used project management resources for some of its larger projects to great success. This approach has proven to be effective at improving our timeliness on project delivery, minimizing impacts on daily operations and ensuring efficiencies and/or redirection are sustainable. We seek to build on this success and create a Project Management Office. This position will staff the Project Management Office, managing large agency-wide projects.
3	AM	Business analysis support			1.0	Ind.	OPA 3	Need to add a position to analyze and document all agency business processes.
4	AM	Content management			1.0	Ind.	TBD	DEQ's website content is outdated and DEQ has little expertise in web writing. Adding a content management position would ensure routine evaluation and updating of the agency's website content. This would result in website content that is timely, accurate and useful to the public.
5	AM	Information security analyst			1.0	Ind.	ISS 7	DEQ needs an IT security analyst to ensure security of its data and systems. Focus would be on developing and implementing a strategic IS plan, IS security policies and a plan for security incident response.

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PKG NO	PROG	Package Title	Rank	Limitation	FTE	FUND TYPE	Position Classification & Location	DESCRIPTION
6	AQ (predominantly), WQ, LQ	Agency complaints response			4.0	GF	1 NRS 4, 2 AS1's, 1 NRS 1; equipment \$60,000	As public concerns about pollution grow, DEQ must have a responsive, coordinated system in place to accept, assign, investigate, respond and track complaints. DEQ has a complaints program in place but it is understaffed to address the more than 3,500 complaints received each year. Approximately 70 percent of complaints are concerned about air quality or odors and the majority are general in nature and not identifiable to a permitted source. This request would add a state-wide complaints coordinator, two dedicated intake specialists and a position in NWR for investigation and follow up. The request also includes equipment that would help to focus investigations and make response faster and easier.
7	AQ	Cleaner Air Oregon (air toxics placeholder)				GF	1FTE; equipment	Purchase a multi-metals continuous emissions monitoring system and an FTE to operate it.
8	AQ	Air Contaminant Discharge Permit				Fee		The ACDP program may need a fee increase to support current staffing levels. Fees were last increased in 2013 by 20%.
9	LQ	Materials Management		\$2.5 million	4.3	Fee	2 NRS4, 3 NRS3, OPA 1; location TBD; Contracts \$1 million, grants \$700,000	DEQ developed a six-year strategy to implement the 2050 Vision for Materials Management. This program had two successful bills in 2015. The work accomplished in 2015-16 sets the foundation for a 2017 request.
10	LQ	Underground Storage Tanks			TBD	Fee	1 new PA2; need to cut and restore add'l \$1.6 million	UST fees and grants are not sufficient to meet basic program requirements. The program is currently operating with only 2/3 of inspection staff with additional cuts in policy, manager and support positions. DEQ's program will be out of compliance with EPA inspection standards spring of 2016. Last fee increase was in 2007.
11	LQ	Spills Response and Disaster Recovery		\$1 million	1719 - 4.0, 1921 - 4.0 may need to cut and restore 1 FTE for funding	GF	Cut 2.4 FTE, restore 2.5, new 1.5; new OPA4, .5 AS1; restore ISS5, NRS4, .5 NRS3; \$90,000 S&S in addition to FTE related S&S	DEQ needs critical resources for response to emergencies and emergency preparedness, and to ensure DEQ continuity of operations during natural disasters. Current response unit capacity is stretched thin during single event emergencies and response resources are quickly exhausted for example when responding to multiple simultaneously-occurring emergencies. DEQ and other agencies have been assigned new work on planning and response preparedness for a number of natural disasters, including the potential of a Cascadia Subduction Zone earthquake.

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DEQ Needs List

PKG NO	PROG	Package Title	Rank	Limitation	FTE	FUND TYPE	Position Classification & Location	DESCRIPTION
12	LQ	Dry Cleaners		\$ 270,000	0.0	Fee	S&S only	The Dry Cleaner Program was created pay for cleanups of legacy solvent contamination at dry cleaner sites and to prevent new contamination through inspections. Business operators and property owners receive protection from liability as part of the program. The program is funded by industry fees. Due to declines in the dry cleaning industry in recent years revenue has sharply declined. The current fee structure is based on a formula that relies on gross revenue from dry cleaning services, site history, and on type and amount of solvent used. The fee structure was designed to generate \$1M annually to fund the program and cleanup of dry cleaner facilities but actual fee revenue peaked at about \$800K and continues to decline annually to current levels that are less than half of target. The proposed legislative concept restores fee revenue and changes the fee structure. The change will restore revenue to approximately \$700K, providing sufficient funding to run the program and continue facility cleanup work.
13	NL (non-limited)	Orphan Site Expenditures from Bond-Issue Proceeds		\$ 3,000,000	0.0	OF		Limitation for previous Orphan-site work paid for with bond proceeds was authorized in Pkg 131 in the 1113 LAB and phased out in Pkg 022 of the 1719 LAB. This package requests authorization of limitation for work paid for with bond proceeds from Pkg 14.
14	NL	Orphan Bonds (Cost to sell bonds)		\$ 75,000	0.0	OF		The orphan program is projecting a need for \$5 million par issuance in late calendar 2017 and \$5 million in 2019. This is due to upcoming EPA match requirements for NPL sites, existing orphan cleanup work and O&M. There is a small contingency for new orphans.
15	DS (debt service)	Orphan Bonds - Debt Service		about \$520,000	0.0	GF	Bond DS payments not to exceed 1517 bond DS payments	The orphan program is projecting a need for \$5 million par issuance in late calendar 2017 and \$5 million in 2019. This is due to upcoming EPA match requirements for NPL sites, existing orphan cleanup work and O&M. There is a small contingency for new orphans.
16	WQ	MS4 Stormwater [municipal separate storm sewer system]			3.0	GF/Fee	1 NRS3, 2 NRS2, location TBD	DEQ lacks the resources necessary to minimize pollution in stormwater runoff from urban areas through implementation of the federal MS4 permit program. This package will enable DEQ to fulfill its regulatory responsibilities and provide an adequate level of service to MS4 permittees by increasing the number of dedicated MS4 staff from one to four positions. This includes issuing timely and effective permits, providing technical assistance, evaluating compliance and providing compliance assistance where needed, conducting inspections and initiating enforcement actions when necessary, analyzing annual reports to evaluate effectiveness of pollution reduction measures and providing feedback to permittees, and responding to complaints.

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DEQ Needs List

PKG NO	PROG	Package Title	Rank	Limitation	FTE	FUND TYPE	Position Classification & Location	DESCRIPTION
17	WQ	Harmful Algal Blooms			TBD	GF	TBD	This package provides permanent funding for DEQ to collect and analyze water samples in response to a HAB. Oregon Health Authority is the lead state agency to respond to HABs to ensure the protection of public health. Under an MOU between OHA and DEQ, OHA will ask DEQ to monitor HABs when no other agencies are able to do so, in order to determine when a public health advisory should be established and when it is safe to lift it. Monitoring can also reduce recreational and economic impacts by averting the "false alarms" that can happen when inadequate or untimely sampling occurs due to limited resources and funds.
18	WQ	Onsite loan program [Placeholder]			TBD	GF	TBD	Consult with Gov's Office to see if they want us to include a POP as a vehicle for potential additional funding in 17-19.
19	WQ	CZARA backfill [Placeholder]			0.0	GF	n/a	This package will restore the loss of federal grant funds due to the disapproval of Oregon's coastal nonpoint pollution program. This will restore DEQ's ability to fund "pass through grant" to local groups to help pay for important nonpoint source pollution projects to reduce water pollution.
20	NL	Clean Water SRF Capitalization Grant Loans		\$ 30,150,000	0.0	OF	n/a	Authorization to make loans for \$30M of new CWSRF Capitalization Grants. Includes \$150K for issuance costs of two \$5M bonds. Tied in with Pkg 21.
21	DS	Clean Water SRF Bond Debt Service		\$ 10,020,000	0.0	OF	n/a	Debt service for two new \$5M bonds for state match on CWSRF capitalization grants requested in Package 20.