State of Oregon  
Department of Environmental Quality  
Memorandum

Date: Jan. 24 2019

To: Environmental Quality Commission

From: Richard Whitman, Director

Subject: Agenda Item F, Director’s Report

1. Environmental Data Management System (EDMS)

DEQ is in negotiations with enfoTech & Consulting, Inc. (a New Jersey based firm) to enter into a contract for implementation of the EDMS project through a commercial, off the shelf (COTS), set of products and services. In the last 5 years, enfoTech has worked with environmental agencies in 25 states. The company has garnered a number of national and state awards for its work, including:

- **Innovation Award**: by the Environmental Council of the States (ECOS) for the New Jersey Department of Environmental Protection AQS Project. Leveraging the technology of the Exchange Network, and with strong collaboration between the states and the EPA Air Program, partners developed a common way to report air quality data to EPA data systems and share more data between states.

- **Outstanding Performance Award**: by Michigan Department of Environmental Quality for delivering a new and improved Michigan Air Emission Reporting System.


- **Chief Information Officer – Partners Award**: by USEPA. The Office of Environmental Information Annual Award for “Toxic Release Inventory State Data Exchange Network Pilot Implementation.”

DEQ staff, working with the Office of the State Chief Information Officer (OSCIO), the Department of Administrative Services, and the Oregon Department of Justice, are working to finalize a contract while also developing the documentation necessary for Stage Gate 3 approval by the OSCIO. Stage Gate 3 approval authorizes DEQ to finalize the contract, and begin implementation. Steps following that approval include working through the details of what systems are involved first, and final details regarding scope and timing. The work will include transitioning data from existing systems to new ones, as well as business process changes driven by the new systems.
2. **Water Quality**

2.1. **NPDES Permits**

The Permit Quality Assurance and coordinator teams issued 32 NPDES permits in 2018, or 90 percent of the target for the year. This is a significant increase from 2017, and illustrates the progress the agency is making in beginning to address the backlog of administratively extended permits.

DEQ also issued an MS4 (municipal stormwater) Phase II general permit on November 30th. This is the first such permit issued in Oregon since the federal regulations were updated in 2016. This is important for water quality as it addresses how stormwater is managed in 22 mid-sized communities across the state, many of which have increasing populations. This work has taken a great deal of time and effort by many at DEQ.

2.2. **Clean Water State Revolving Fund**

In November CWSRF staff Lee Ann Lawrence and Jennifer Kenny attended the Council on Infrastructure Finance Authorities conference in Albuquerque. The annual conference brings together revolving fund staff from every state to get national updates, increase program knowledge and share best practices. Jennifer participated in the marketing panel, highlighting the innovative outreach efforts of Oregon’s program.

During the conference, Lee Ann Lawrence accepted an EPA PISCES award on behalf of the City of Prineville for the Crooked River Wetlands Complex. The project has been honored by both EPA and the National Association of Clean Water Agencies, who will present their award in early 2019. Innovative aspects of this project include:

- The improvement of water quality and habitat in the Crooked River through the elimination of direct wastewater discharges, resulting in cooler water and augmented stream flow.
- A sophisticated approach that addresses multiple needs such as water quality, cost savings, riparian restoration and community support.
- Creative financing that included CWSRF interim funds and 12 other public and private sources.
- Diverse partnerships including the Audubon Society, Oregon State Parks and Kiwanis.

2.3. **Watershed Management and Drinking Water Protection**

The Drinking Water Protection program has been hard at work updating Source Water Assessments. Public water systems and local communities use these assessments to develop place-based plans and voluntary measures to implement drinking water protection strategies.

The program also has been working with USDA Natural Resource Conservation Service, the Oregon Health Authority and local partners to develop proposals for federal funding for source.
water protection projects. Oregon was successful in securing first round funding for five projects (out of 16 funded nationally). Selected communities will receive $75 to $150K each in 2019 to complete the “readiness phase” of this program, which includes developing a detailed watershed assessment and an outreach strategy to agricultural producers. Participants may then receive federal Farm Bill funding starting in 2020 to implement measures identified in their plans.

Communities chosen for 2019 include the cities of Canby and Molalla (Molalla River), Myrtle Point (North Fork Coquille), Baker City (Powder River Basin), Eugene/EWEB (McKenzie River), and the Winston Dillard Water District (South Umpqua River, Lookingglass Creek Sub-Watershed). Among the reasons these proposals were successful at the national level is that DEQ was able to quickly pull information on drinking water sources from recently-updated Source Water Assessments, Agricultural Status and Trends reports, TMDLs, Oregon’s 303(d) list and other sources. The pilot may be extended if there are other local partners with the capacity and desire to participate.

2.4. Status and Trend Reports

In November, ODEQ completed two agricultural water quality management area status and trend reports, one for the Malheur River and the other for Willow Creek. More reports are close to completion, including the Lost River, the Lower John Day, the Upper Grande Ronde, the Clackamas, and the North and Middle Fork John Day. The Oregon Department of Agriculture (ODA) is responsible for developing area plans and rules to prevent and control water pollution from agricultural activities. ODA is required to consult with ODEQ during the biennial review of these area rules and plans. Approximately 38 status and trend reports are completed every two years.

3. Air Quality

3.1. Vehicle Inspection Program (VIP)

DEQ’s Vehicle Inspection Program reduces air pollution by requiring that certain automobiles registered in the Portland or Medford areas be tested to assure that their vehicles’ emission control systems are operating properly before the vehicle registration is renewed. The Portland vehicle inspection area has six testing stations, which in the last biennium, tested more than 1,000,000 vehicles. The Medford station tested over 100,000 vehicles in the last biennium.

DEQ tests light and heavy duty gasoline vehicles, as well as diesel vehicles up to 8,500 pounds, with certain exemptions for newer vehicles (the four most recent model years) and very old vehicles. About 100 DEQ staff support all VIP functions including vehicle inspection, administration and management, customer support, equipment and facility operations.

The VIP helps Oregon maintain compliance with national air quality standards for pollutants such as ozone, nitrogen oxides, carbon monoxide, and fine particles. VIP also reduces tons of air toxic pollutants each year, like benzene, ethylbenzene, and acetaldehyde. Based on a previous evaluation estimate, the VIP reduces pollution by approximately 60,000 tons per year in Oregon.
To put that into perspective, it would take over 150 large factory sources to produce that much pollution in one year. DEQ test data show that 1 in 5 cars had their emissions control systems serviced/repaired in the weeks before (90 days) their DEQ inspection.

In 2015, EPA lowered the ozone standard from 75 parts per billion to 70 parts per billion and considered values as low as 60 ppb. Recent air monitoring in the Portland and Medford areas indicates that ozone levels are increasing at least for purposes of determining compliance with National Ambient Air Quality Standards (NAAQS). Increases in both population, and the amount people are driving (vehicle miles traveled) may be one source of this increase (another is wildfire smoke). The VIP is a key pollution control strategy for Oregon’s continued compliance with federal air quality standards. The VIP is one part of Oregon’s EPA-approved State Implementation Plan.

Changes to program rules, along with proposed fee increases, are currently out for public comment. DEQ expects to bring these proposals to the commission later this year. For the fee increases to take effect, approval from the 2019 Oregon Legislature is also required.

3.2. **Cleaner Air Oregon**

DEQ has a new external web page for the CAO program: [https://www.oregon.gov/deq/aq/aqPermits/Pages/CAO-reg.aspx](https://www.oregon.gov/deq/aq/aqPermits/Pages/CAO-reg.aspx)

This new page contains detailed information on program requirements, fees, and an FAQ. The new regulations were effective upon adoption. New facilities applying for a Title V, Simple ACDP, Standard ACDP, or a General ACDP for Hard Chromium Electroplating (AQGP-001), Decorative Chrome Plating (AQGP-002) or Plating and Polishing (AQGP-026) will now need to complete a Cleaner Air Oregon risk assessment as part of the application process. For existing facilities, DEQ will prioritize call-ins using the factors contained in the commission’s rules. Keith Johnson (who is now the Manager for the Air Toxics Program) and regional managers have formed a staff implementation team that providing training for the program and developing application forms. We expect the call-in process for existing facilities to begin soon. Finally, I would not normally comment on media coverage in a Director’s report to the commission, but I believe you may be interested in the following excerpt from the December 26, 2018 edition of Willamette Week concerning the “Four Greatest Public Policy Reforms of 2018.”

For phase two of the program development, the rulemaking for decisions around Hazard Index adjustments, the Rules Advisory Committee meetings are complete, and rule drafting is beginning. We expect draft rules to be ready for public comment later this year, along with commission consideration of the proposals.

The final phase of program development is the Area (cumulative) Risk Pilot. Very preliminary work on that element is expected to begin next month.
3.3. Secretary of State Audit Follow-up

DEQ was contacted recently by the Secretary of State for a one-year review of the agency's progress in implementing recommendations made as part of a 2018 audit on the air quality permit backlog. The program is preparing a summary response and is looking forward to reporting our progress. There were ten recommendations in the report.

3.4. Clean Fuels Program

The Clean Fuels Program requires gradually increasing carbon intensity reductions for transportation fuels, culminating in a 10% reduction in 2025. To date, the program has avoided 1.7 million tons of greenhouse gas emissions, and displaced the use of 445 million gallons of gasoline and diesel.

Cory-Ann Wind, the program manager, recently accepted the National Biodiesel Board’s ‘Climate Leader Award’ for department. The award recognizes individuals and organization who have made significant contributions to biodiesel. In other national and regional news on clean fuels, Washington Governor Jay Inslee recently introduced legislation proposing adoption of a Clean Fuels program in that state.

3.5. Clean Vehicle Rebate Program

The Oregon Clean Vehicle Rebate Program (OCVRP) has made significant progress over the past two months. Recognizing that procurement of a third-party contractor to operate the program was going to take 4-6 months, DEQ began a bridge effort to begin issuing rebates. That effort includes both an internal system to process rebates, and development of a master agreement allowing automobile dealers to provide “point of sale” rebates to purchasers at the time of vehicle purchase, with DEQ reimbursing dealers who have entered into agreements to ensure that the rebates are properly issued.

In the meantime, the program also has been working hard with the state procurement system and the Office of the Chief Information Officer to move forward with identifying and contracting with a third party to operate the program on an ongoing basis. DEQ issued an RFP in December, and will be moving into contract negotiations and Stage Gate 3 review and approval of the information technology component of the program in the near future. The goal is to have the program fully operational by mid-2019.

4. Western Regions Updates

4.1. Jordan Cove Energy Project

A number of permit applications are expected to be submitted in the near future, including water quality storm water permit applications for the pipeline and terminal facility, an individual water quality permit application for the terminal facility operations, and an application for land
disposal of hydrostatic testing water. Current activity includes discussions about managing waste materials at the portion of the site known as Ingram Yard. DEQ approved in 2013 a closure plan for activities relating to an industrial landfill, settling ponds associated with the prior facility’s water quality permit, and other site activities. Jordan Cove is considering a different approach to waste management than was approved in 2013.

The Federal Energy Regulatory Commission (FERC) was expected to issue a draft federal Environmental Impact Statement for this project in February. However, FERC is among the agencies affected by the federal government shutdown (as are several other federal cooperating agencies), and this is now expected to result in some delay.

4.2. Logsden Biosolids Re-authorization

In late October, Western Region staff invited public comments on the biosolid site authorizations in the Siletz-Logsden area for the City of Toledo, the City of Siletz, and the Inn at Otter Crest. A public hearing on Thursday, Dec. 13, 2018 at the Newport Visual Arts Center, included about 50 attendees, 17 of whom provided comments on the proposed re-authorizations. Comments were due by Dec. 21, 2018. Staff are reviewing the comments submitted, and DEQ will make a decision on re-authorization in January.

DEQ requires regular reporting from the permit holder and conducts site inspections. DEQ also reviews the permittee’s annual biosolids monitoring reports to check for compliance.

4.3. Yoncalla Log Pond Project

North Douglas Betterment, a community based non-profit, has been working for several years to convert a former log pond to a wetlands bank. A wetlands bank is needed for the Umpqua Basin in Douglas County, and is a high priority for the Governor’s Regional Solutions Coordinator. The financing and next steps to implement the bank are in place, but addressing contaminants (dioxins) in the pond could potentially delay the project. Regional Solutions facilitated a meeting with North Douglas Betterment and Department of Environmental Quality staff in late December to consider solutions. We understand that North Douglas Betterment plans to develop a draft sampling work plan to better understand regional background levels and provide additional characterization of the pond. Next steps will depend on sampling results.

4.4. Forest Fire Smoke Impacts to Southern Oregon

Four of the five most recent summers have seen smoke impact to the tourism and recreation industries, and to public health. Rep. Pam Marsh (Ashland) has taken a keen interest in what can be done to reduce the economic impacts of recurring smoke intrusions. She organized a “Fire and Smoke Summit” on September 15, 2018 at Southern Oregon University and a second summit on January 17th. Additional notes on the response from local governments and related entities in the area include the following information:
Travel Southern Oregon is conducting a survey of how tourists’ decisions about travel are influenced by smoke alerts.

City of Ashland reported a loss of $125,000 meals and lodging tax revenue in the summer quarter. This translates to a $1.6 million reduction in the restaurant industry alone. Oregon Shakespeare Festival lost $2 million in theater ticket revenues.

Jackson County Board of Commissioners held a public hearing Dec 12. Much the same testimony that was received at the SMP public hearing in Medford was heard. The commissioners would like to base more aerial firefighting capability at the Medford airport.

League of Oregon cities is holding a spring conference in Ashland on April 12. Two focus topics are ‘what can cities do regarding forest fire hazards?’ and housing.

The City of Ashland has added a comprehensive Fire Prevention and Control Plan to the city municipal code that designates the entire city as a wildfire hazard zone and subjects new development to strict materials and landscaping choices. (https://www.ashland.or.us/Page.asp?NavID=17672)

Ashland has begun another active prescribed fire season. It will likely apply to take advantage of the new SMP rules that provides exceptions to smoke intrusion limits for communities that demonstrate substantial public outreach programs. (Fire and smoke news alerts: https://www.ashland.or.us/news.asp?sectionID=503)

5. Eastern Region Updates

5.1. Chemical Waste Management – Arlington Facility

The public comment period has closed on the proposed modification to the hazardous waste permit for this facility. DEQ expects to issue a decision on that proposal in the near future. In the meantime, the facility will be reviewed for renewal of both its air quality permit and its overall hazardous waste permit in the coming months, with additional opportunity for public engagement. A group of environmental interests recently filed a notice of intent to sue the facility for failure to have proper operating permits.

5.2. Lost Valley Ranch

The owner of Lost Valley Ranch filed for bankruptcy last year, and a court-appointed trustee is now responsible for the operation. The Oregon Department of Agriculture and DEQ have been negotiating with the trustee to secure the clean-up and decommissioning of the facility. The agencies recently entered into a proposed agreement with the trustee (subject to court approval) that specifies the actions that must be taken, and who is responsible. The agreement requires removal of all remaining animals by April 19th of this year, and completion of the clean up by fall of this year.

We expect that there will be interest in re-opening the facility, but that will require submission and consideration of a new Confined Animal Feeding Operation permit.
5.3. **Hells Canyon 401 Certification**

DEQ has issued a draft 401 certification for the Hells Canyon Complex Hydroelectric Project, which is now out for public comment. The certification is a milestone in a multi-year effort by officials in both Oregon and Idaho to bring water quality improvements and habitat restoration to the Snake River and its many tributaries in both states.

The project is located on the Snake River in the southern part of the Hells Canyon along the border between Oregon and Idaho, encompassing the Brownlee, Oxbow and Hells Canyon dams.

The draft certification includes a wide range of measures funded or conducted by Idaho Power to improve water quality, fish habitat and vegetation along the Snake River and its tributaries, including Boise River, Burnt River, Malheur River, Payette River, Owyhee River, Payette River, Pine Creek, Powder River, Eagle Creek, Succor Creek, and Weiser River. The projects address many water quality parameters, including temperature, dissolved oxygen, algal growth, methylmercury production and fish passage. The certification also ensures that Oregon water quality standards are met within the reservoirs and downstream of the project on the Snake River.

Idaho Power will fund projects related to in-stream habitat restoration, floodplain creation and enhancement, wetlands, riparian areas, sediment and phosphorous reduction, mercury reduction and temperature.

The public can comment on the certification through 5 p.m. on Tuesday, February 12, 2019. DEQ will also hold a public hearing on the certification at 2 p.m. on Wednesday, January 9 at the Portland State Office Building, Room 1E, 800 NE Oregon St., Portland. People can call into the hearing by dialing 888-363-4734 and using the access code 2045600.

6. **Northwest Region Updates**

6.1. **Daimler**

DEQ is continuing to work with the Daimler truck facility in North Portland to abate a suspected nuisance caused by odors from its painting operations. DEQ has asked the facility to install additional controls to reduce VOCs that are believed to be the source of odors in the nearby neighborhood.

6.2. **Oregon Harbor of Hope**

Oregon Harbor of Hope is a non-profit operation that is working to provide a temporary shelter and other resources to homeless populations in Portland. DEQ recently approved a removal action work plan for the site known as the former Union Station location in Northwest Portland. An adjacent land owner has filed a complaint challenging DEQ’s order.
6.3. NW Metals

On January 18th, DEQ met with counsel for NW Metals and FHA Holdings, the landowner of the property where MW metals operates, to discuss DEQ’s enforcement actions against each party. Both NW Metals and FHA indicated a desire to work with DEQ to complete the requirements of the remedial action order (RAO) and come back into compliance. A contested case hearing is scheduled for the NW Metals enforcement action for May 28th, 2019. An Environmental Law Specialist from DEQ’s Office of Compliance is coordinating both enforcement actions.

6.4. Astoria Marine Construction Company (AMCCO)

DEQ and the owner of AMCCO will enter into a consent judgment in January 2019. The consent judgment directs AMCCO to implement the cleanup remedy identified in DEQ’s February 2017 Record of Decision. Under this remedy, the most contaminated upland soil and in-water sediment will be excavated and removed from the site. Remaining soil contamination will be capped in place. Most of the remaining in-water sediment contamination will be covered with a layer of clean imported sand. DEQ will perform long-term monitoring to verify the effectiveness of the remedial action. As a condition of EPA’s 2012 deferral of AMCCO to DEQ in lieu of a Superfund listing, the consent judgment will provide for restoration of natural resource damages agreed upon by tribal, federal and state natural resource trustees. Construction is planned for summer 2019 pending receipt of several federal permits.

6.5. Clatsop County Household Hazardous Waste Facility

DEQ approved final design for the Clatsop County hazardous waste facility. The facility is currently under construction and is the result of a partnership between the City of Astoria and Clatsop County, with funding from DEQ and Business Oregon. Kudos to Killian Condon!

6.6. 900J NPDES (Water Quality) General Permit Renewal

DEQ is renewing the 900J general permit, which currently covers wastewater discharges from the majority of seafood processors in Oregon. The renewed permit includes significant changes due to evolving industry practices and environmental conditions. DEQ staff has been working hard to address significant and substantive comments received during the initial public comment period which closed on April 27, 2018. DEQ is proposing significant changes in response to comments, meriting a second comment period. DEQ expects to have a revised draft permit available for public comment in early February.