

Dry Cleaner Program

Meeting Minutes

Wednesday, December 16, 2015
Northwest Region - Portland
700 NE Multnomah Street
Portland, Oregon 97232



State of Oregon
Department of
Environmental
Quality

List of Attendees

Committee members:

Jim Kincaid, Chair, Cable Huston Benedict & Haagensen
Allan Wright, Oregon Dry Cleaners Association
Brad Berggren, PNG Environmental
Gary Campbell, Oregon Dry Cleaners Association
Kathy Butters, Oregon Dry Cleaners Association
Peter Yoo, Korean American Dry Cleaners Association
Sam Kim, Korean American Dry Cleaners Association
Steve Young, Oregon Dry Cleaners Association
Tae-Hwan Kim, Korean American Dry Cleaners Association (participating by phone)

DEQ Staff:

Abby Boudouris, Office of Policy & Analysis
Bruce Gilles, Manager, Cleanup and Emergency Response
Joe Westersund, Dry Cleaner Program Coordinator

Others:

Liesel Campbell, Campbell's Cleaners

List of Handouts and Presentation Notes

❖ No materials were handed out.

Dry Cleaner Program
811 SW 6th Avenue
Portland, OR 97204
Phone: 503-229-5696
800-452-4011
Fax: 503-229-5850
Contact: Joe Westersund
www.oregon.gov/DEQ

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

1:00pm Meeting Commencement Time

ITEMS OF DISCUSSION

ODCA Fee Scenario Proposal

Gary Campbell presented a 'tiered fixed fee' fee scenario proposal on behalf of the Oregon Dry Cleaner Association (ODCA) committee members. Under this proposal:

- The existing fees at ORS 465.517 would be removed, including the \$500/year Solvent Before 1998 fee, the \$500/year perc fee, the 1% fee on revenue from dry cleaning services, and the per-gallon solvent fees paid by solvent suppliers
- That would be replaced with a new system of annual fees as follows:
 - Solvent suppliers and dry stores that were never a dry cleaner would not pay any fees.
 - All dry cleaners, listed inactive sites and dry stores where there once was a dry cleaner would pay \$1,000/year.
 - Current dry cleaners would also have to pay an annual fee for each dry cleaning machine on site:
 - Perc machines: \$1,700/year per machine
 - N-propyl bromide (n-PB) machines: \$1,700/year per machine
 - Petroleum and Rynex machines: \$1,275/year per machine
 - Green Earth machines: \$850/year per machine

For example, a dry store that was once a dry cleaner would pay \$1,000/year, a perc dry cleaner with one dry cleaning machine would pay \$2,700/year, and a perc dry cleaner with two dry cleaning machines would pay \$4,400/year.

Gary stated that he believed fees based on revenue made it too easy to cheat, and that this fee structure should be easier to fairly enforce. Basing part of the fee on the number of machines was intended to make the fee structure more 'progressive', so that larger businesses pay more than smaller ones.

At current facility numbers, this fee structure would generate \$602k per year in fee revenue. For comparison, the dry cleaner program's 2015 fee revenue is \$390k.

CLASSIFICATION	NUMBER	FEE/SITE	TOTAL
Current dry cleaners	209	\$1,000	\$209,000
Dry stores where there once was a dry cleaner	19	\$1,000	\$19,000
Listed inactive sites	27	\$1,000	\$27,000
Perc & nPB machines	120	\$1,700	\$204,000
Petroleum & Rynex machines	104	\$1,275	\$132,600
GreenEarth machines	12	\$850	\$10,200
TOTAL FEE REVENUE			\$601,800
ADMINISTRATIVE COST			\$60,180
NET TO CLEAN-UP FUND			\$541,620

The ODCA also proposed that DEQ's administrative expenses (all DEQ expenses not related to cleanup at a specific site) be limited to 10% of fee revenue. At current facility numbers, that would be \$60k per year.

At prior advisory committee meetings, DEQ has used a target of \$800k per year in program revenue and in recent years DCP administrative expenses have been about \$200-250k/year. Gary indicated that he chose the fee levels above based on providing \$550k/year in cleanup funding (DEQ's \$800k minus \$250k to administer the program).

KADCA preference

The KADCA committee members stated that they favored a 'flat' fee structure. They did not make a specific proposal, but Tae-Hwan Kim stated that most contamination happened a long time ago and dry cleaners are much less likely to spill now. Because of that, he proposed that the fees for a facility covered by the dry cleaner program should be the same regardless of whether it is a perc dry cleaner, non-perc dry cleaner, dry store that used to be a dry cleaner, or a listed inactive site.

For comparison with the ODCA proposal, to raise \$602k in annual fee revenue each of the 255 facilities would need to pay \$2,360.

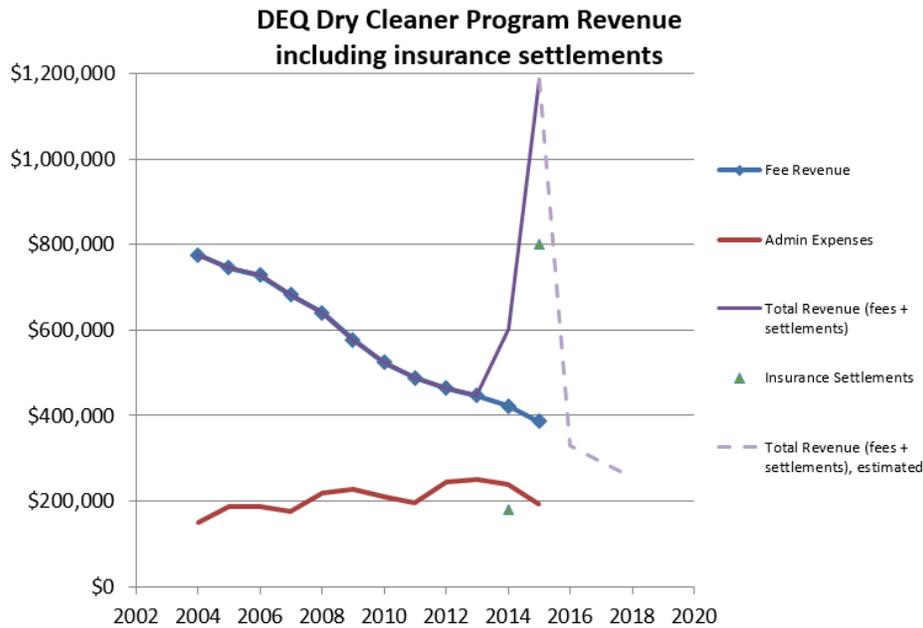
Administrative Costs

The ODCA proposal included a statutory cap on the maximum amount of dry cleaner program funds that could be spent on administrative costs, which they would define as all costs except site-specific cleanup costs (cleanup contractors and DEQ cleanup project managers to oversee them).

DEQ costs to operate the program have varied between \$150k in 2004 and \$250k in 2012 and 2013, and have been increasing by an average of 3% per year. Estimated costs for 2015 are \$194k. These costs

include both administration of the program and inspections and enforcement to ensure compliance with the statute and rule requirements.

The ODCA proposal would require the DCP to be run for 1/4 to 1/3 of the current cost. DEQ is skeptical about whether that is realistic.



The ODCA committee members requested information about the dry cleaner program costs and staff’s assigned duties. DEQ agreed to provide categories of activities that are charged to the program and an estimate of how much each one contributes to the overall administrative cost.

EcoBiz

There is an existing voluntary ‘green’ certification program for auto shops, landscapers and car washes. It is run by a nonprofit called the Pollution Prevention Resource Center and funded by grants from cities and counties.

EcoBiz is interested in partnering with DEQ to create a certification program for green dry cleaners. The criteria to be an EcoBiz dry cleaner is not finalized, but could involve the use of a less toxic solvent (not perc or nPB) and adopting some other not-yet-determined green practices.

Supporting an EcoBiz certification for dry cleaners may save the dry cleaner program money. EcoBiz isn’t asking for any funding from DEQ, and they would be providing technical assistance and compliance verification that could allow DEQ to reduce the number of inspections it needs to do.

The committee requested that more information about EcoBiz be sent to them by email.

Ideas for later discussion

DEQ brought up two additional ideas that DEQ and the committee may want to consider as part of changes to the statute.

Fee adjustment provisions: Dry cleaner program funding has been declining at about 6.7% per year over the last 10 years due to decreases in the number of dry cleaners, their revenues per facility, and the volume of solvent they purchase.

Under either the ODCA or KADCA proposals, the level of program revenue would increase initially but probably continue to drop from there, perhaps at about that same rate of 6-7% per year.

In updating the fee statute, that annual decline could be accepted, with the understanding that another change to the statute may be needed to either kill the program or increase its funding again.

Or, some fee adjustment procedure could be included in the statute to try to maintain a set amount of funding for the program. The law could include a formula or procedure that allowed the fees to be adjusted each year (probably increased) in order to keep overall program funding constant. Alternatively, the statute could allow fees to be adjusted by periodic rulemaking rather than a change to the statute.

Some DEQ programs such as the E-Cycles electronic waste recycling program have a fee adjustment procedure.

Changes to cleanup benefits: Currently, the dry cleaner program pays for 100% of a cleanup after a \$5k to \$10k deductible at the sites prioritized for funding. Changes to how the DCP funds sites could be considered, including perhaps a 'fast track' for sites that want a cleanup now and are willing to pay for a portion of it.

Timeline moving forward

The committee agreed that they preferred having DEQ sponsor a bill in the legislature rather than getting it introduced through their own channels. According to Abby Boudouris, changes to the dry cleaner program statute passed the first 'weed-out' stage as DEQ selects which bills it will carry, and the path to DEQ sponsoring the bill is still open.

If we agree on changes to the statute and succeed in getting DEQ to carry it in the 2017 session, DEQ would need to prepare a proposal to the Governor's office in March or April 2016, and DEQ would need to send the language of the proposed bill to the Legislative Council in June or July 2016.

Follow-up Action Items

1. DEQ to email information about EcoBiz to the committee
2. DEQ to itemize the tasks of running the dry cleaner program, with an estimate of how much each costs
3. DEQ to estimate administrative cost savings from the proposed fee structure and brainstorm other ideas
4. ODCA and KADCA representatives to continue negotiations for further agreement on fee structure

3:00pm Meeting Adjournment Time

Next meeting scheduled: late January or early February 2016, in the same location.