

Water Quality Fiscal Advisory Committee

Meeting notes

Water Quality 2019 Fee Increase Rulemaking Meeting

Friday, March 1, 2019

9:30 AM to 11:30 AM

DEQ Headquarters

700 NE Multnomah St. Floor 3 conference room
Portland, OR 97232

Attending:

Sharla Moffitt - Oregon Business and Industry
Scott Nebeker - Oregon Public Parks and Rec.
Torrey Lindbo - City of Gresham
Peggy Lynch - League of Women Voters – by phone
Kathryn Van Natta - Northwest Pulp and Paper – by phone
April Snell - Oregon Water Resource Congress – by phone
Jennifer Morgan - Rogue Valley Sewer Services – by phone
Mark Landauer - Special Districts Assoc. of Oregon – by phone
Tracy Rutten - League of Oregon Cities – by phone
Susie Smith - Oregon Assoc. of Clean Water Agencies – by phone
Ellen Miller - Oregon Homebuilders Assoc. – by phone
Jennifer Wigal - DEQ
Adam Coutu - DEQ
Rian Hooff - DEQ
Jeff Navarro - DEQ
Michele Martin - DEQ

Agenda

Time	Topic
9:30 a.m.	Welcome, logistics, agenda review
9:35 a.m.	Introductions
9:45 a.m.	Rulemaking overview
9:50 a.m.	Review of Fiscal and Economic Impact Statement
11:00 a.m.	Public comment opportunity
11:15 a.m.	Next steps
11:30 a.m.	Adjourn meeting

Comments

- Recommendation to clearly state the program mission on the first page under the summary section.
- Comment: When the fees are increased across the board; each incremental fee increase adds up over time.
- Comment: This fee increase does not meet the need. Does this mean that in future years, DEQ will continue to ask for more fee increases?



State of Oregon
Department of
Environmental
Quality

Water Quality

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

- DEQ response: We estimate the cost per FTE in the WQ permitting program will increase by 10 percent from the 2017-19 biennium to the 2019-21 biennium, or by about five percent per year; however, the statute caps the annual fee increases at three percent. Because our costs are projected to increase at a faster rate than we are allowed to increase fees, DEQ expects to have a revenue shortfall in a future biennium, which could result in permanent reductions to balance expenditures to available revenue, or in a reduction and restoration package which could require DEQ to raise fees by more than three percent.
- Comment regarding the ongoing, current legislative session – recognizing that DEQ has had an erosion of FTE and lacks program resources to fully successfully do the work. There is a problem regarding the request to the legislature regarding the significant costs over time – to have DEQ consider and communicate its long-term strategy to address program funding and how DEQ will do that when there are such large requests to adequately sustain core program activities.
- Recommendation: DEQ to notify permittees (larger entities) of the potential three percent increase prior to the EQC meeting, especially for permittees that are part of larger permit fees.
- Recommendation: DEQ to be as clear as possible about the fee increase in the fiscal impact statement including some of the things that can be contributed to the baseline increase.
- Comment: This rulemaking seems like a pro forma exercise. Some permittees may anticipate at least a three percent increase per year, but if the increase is over three percent then permittees can't budget for those increases in the same year the invoice will be due. How can DEQ get ahead of fee increases to be able to combine the compounded impacts of this three percent and then other higher percent increases that could be in the near future?
- Comment: Adjust the timeline for fee rulemaking and implementation for permittees to be able to adjust their budgets for potential or prospective larger increases. DEQ to provide consideration around the timing of rulemakings relative to the budgeting process of permittees impacted by fee increases.
 - In addition, there is an understanding by stakeholders that prospective changes are challenging for DEQ in terms of being constrained about potential or prospective changes that the legislature has not approved.
- Recommendation: Provide justification and show what is being done to control program costs. Add DEQ cost controls to the fiscal impact statement and enhance the sections that include what DEQ is doing to use the money efficiently.
 - In addition, alternatively, DEQ should be careful about enhancing the sections of the fiscal impact statement about using fees more efficiently without knowing the outcome of this legislative session.
- Comment: Concern for permittees that don't follow the legislative session that may be surprised by any potential fee increases, while recognizing that DEQ may not be able to accommodate different budget cycles for various permittees.
- Question: Will the potential or prospective (considered) fee increases from the current legislative session be billed in the fall of 2019 or fall of 2020? Will the three percent allowable by statute be added to any fee increases in 2020?
 - DEQ response: Currently, the way the legislative budget packages are presented, the next fee increase (after the 2019 fee increase rulemaking) is proposed to take effect in July 2020. This fee increase is expected to include the percent increase necessary to cover legislatively approved program enhancements and also incorporate the three percent allowable by statute to continue to cover increased costs associated with current staffing. DEQ will initiate this process later this year,

including convening an advisory committee as part of the rulemaking for these future potential fee increases that may be billed in July 2020.

- Comment that the information about the future rulemaking is helpful for some of the stakeholders when building budgets starting in July to August of 2019 for invoices that may be issued in July of 2020.
- Clarification about the invoices for the 2019 rulemaking (this fiscal advisory committee meeting), if adopted by the EQC in Sept. 2019, will take effect on invoices starting Oct. 2019.

Next Steps

1. DEQ will email the meeting notes and draft rules prior to public comment.
2. Stakeholders will have from Mar.11, 2019 through Mar.14, 2019 to comment.
3. Open comment period will begin around April 11, 2019.

Alternative formats

For questions about accessibility or to request an accommodation, please call 503-229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696. Requests should be made at least 48 hours prior to the event. Documents can be provided upon request in an alternate format for individuals with disabilities or in a language other than English for people with limited English skills. To request a document in another format or language, call DEQ in Portland at 503-229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696; or email <mailto:deqinfo@deq.state.or.us>.