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OREGON
ENVIRONMENTAL QUALITY
COMMISSION MEETING
MATERIALS 04/17/2009

State of Oregon
Department of Environmental Quality

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Oregon Environmental Quality Commission

Public Forum
Request to Present Information

Agenda Item B or Umatilla Demil Program
Topic of Presentation

Karyn Jones
Name (Please print clearly)

Hermiston, OR 97838
Address

Government Accountability Project
GNSP, Oregon Wildlife Federation, Sierra Club
Affiliation Email (optional) Phone (optional)

1

Oregon Environmental Quality Commission

Public Forum
Request to Present Information

Agenda Item F or
Topic of Presentation TEMPORARY RULE MAKING FOR

CLEAN WATER STATE REVOLVING FUND
Name (Please print clearly)

ERIC QUINN
Address

CITY OF RIDDLE COREQ@~~RICE~~FRONTIERNET.NET (541) 874-2905
Affiliation Email (optional) Phone (optional)

~~3~~

Oregon Environmental Quality Commission

Public Forum
Request to Present Information

Agenda Item ____ or
Topic of Presentation DEQ Budget

Kathryn Van Natta
Name (Please print clearly)

2191 SE Oak Crest DR Hillsboro 97123
Address

NWPPA nwppa@qwest.net 503-805-8511
Affiliation Email (optional) Phone (optional)

(2) ~~3~~

Oregon Environmental Quality Commission

Public Forum
Request to Present Information

Agenda Item ____ or
Topic of Presentation Ames Tampering Rule

Milo Mecham
Name (Please print clearly)

859 Willamette St Suite 500
Address

City of Sobug mmecham@lcog.org 541-682-4023
Affiliation Email (optional) Phone (optional)

(5)

Oregon Environmental Quality Commission

Public Forum
Request to Present Information

Agenda Item K or
Topic of Presentation WAPATO LAKE - BLUE GREEN ALGAE

Brian Wegener
Name (Please print clearly)

12360 SW Main St suite 100
Address

Tualatin Riverkeepers brian@tualatinriverkeepers.org 503-620-7507
Affiliation Email (optional) Phone (optional)

(9) LAST (4)

Oregon Environmental Quality Commission

Public Forum
Request to Present Information

Agenda Item ____ or E - PUBLIC FORUM
Topic of Presentation F - SRF RULES
-OR-

ACWA · JANET GILLASPIE ERIC QUINN MARK YEAGER RAY BARTLETT JIM HAGELMANN
Name (Please print clearly)

537 SE Ash, SUITE 12
Address

gillaspie@orcwa.org
Affiliation Email (optional) Phone (optional)

(4) LAST (4)

Oregon Environmental Quality Commission

Public Forum
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Agenda Item ____ or E - PUBLIC FORUM
Topic of Presentation F - SRF RULES

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ACWA · ERIC QUINN RAY BARTLETT
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(2) (3)

Oregon Environmental Quality Commission

Public Forum
Request to Present Information

Agenda Item ____ or
Topic of Presentation AMEND Temporary Rule

Milo Mecham
Name (Please print clearly)

859 Willamette St Suite 500
Address

City of Coburg mmecham@lcog.org 541-682-4023
Affiliation Email (optional) Phone (optional)

3

Oregon Environmental Quality Commission

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2 1

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Agenda Item B or Umatilla Denil Program
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Oregon Environmental Quality Commission

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(1)

Oregon Environmental Quality Commission

Public Forum
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Name (Please print clearly)

ERIC RUNNING
Address

CITY OF RIDDLE CORERUN@FRONTIERNET.NET (541) 874-2905
Affiliation Email (optional) Phone (optional)

Please Sign In

Environmental Quality Commission Meeting
Portland, Oregon – Department of Environmental Quality
April 17, 2009

Name	Organization	Phone
Karyn Jones	GASP et al	
Kathryn Va-Natta	NWPPA	
Eric Quinn	City of Riddle	(541) 874-2905
Milo Mecham	City of Coburg	541-682-4023
Janet Gillaspie	ACWA	
Brian Wegener	Tualatin Riverkeepers	503-620-7507
Charles Wright	Kennedy/Jenks	541-338-8135
Ken Cook	City of Astoria	503 338-5123
Ray Jaindl	Oregon Dept. of Ag.	503 986 4713
Julie Wilson	EnviroIssues	503-248-9500
Laura Boswell	OR DHS	971 673-0438
Curtis Cude	OR DHS	971 673-0975

EQC Meeting Agenda
April 17, 2009
DEQ HQ
811 SW 6th Ave, Portland

Friday, April 17 -- *Regular Meeting*

Time	Item	Topic	Presenter/Status	Background
8:30 15 min	A	Preliminary Commission Business: Adopt minutes of the February 2009 regular meeting.		
8:45 30 min	B	Informational Item: Update on the status of the Umatilla Chemical Agent Disposal Facility (UMCDF)	Joni Hammond, Rich Duval	Routine
9:15 60 min	C	Informational item: Director's Dialogue	Dick Pedersen	
10:15 15 min		BREAK		
10:30 90 min	D	Informational Item: Budget and Legislative Update	Greg Aldrich, Jim Roys	
12:00 60 min		Lunch break and Executive Session	Larry Knudsen	Discuss current and pending litigation with counsel.
1:00 30 min	E	Public Forum		
1:30 30 min	F	Action Item: Temporary Rulemaking for the Clean Water State Revolving Fund	Neil Mullane, Judy Johndohl, Larry McAllister	Rulemaking
2:00 45 min	G	Informational item: Composting Rules	Wendy Wiles	
2:45 15 min	H, I	BREAK		
3:00 45 min	J	Informational Item: Senate Bill 737 Update	Neil Mullane, Cheryl Grabham	An update on SB 737 and the draft list of water quality toxics
3:45 60 min	K	Informational Item: Wapato Lake Update	Neil Mullane, Gene Foster, DHS, ODA	
4:45 30 min	L	Commissioner Reports	EQC members	
5:15		Adjourn		

Contact: Stephanie Clark (503) 229-5301

Oregon Environmental Quality Commission Meeting

April 17, 2009

DEQ Headquarters
811 SW Sixth Avenue
Room EQC-A, 10th Floor
Portland, OR 97204

Friday, April 17 — Regular meeting begins at 8:30 a.m.

A. **Preliminary Commission Business: Adoption of Minutes of the February 26, 2009, regular meeting**
The Environmental Quality Commission will review, amend if necessary and approve draft minutes of the February 26, 2009, regular EQC meeting.

B. **Informational Item: Update on the Status of the Umatilla Chemical Agent Disposal Facility (UMCDF)**
Joni Hammond, Department of Environmental Quality deputy director, and Rich Duval, administrator of DEQ's Chemical Demilitarization Program, will give a brief update on the status of the agent disposal program at the Umatilla Chemical Agent Disposal Facility.
Joni Hammond and Rich Duval, Department of Environmental Quality

C. **Informational Item: Director's Dialogue**
Dick Pedersen, DEQ director, will discuss current events and issues involving DEQ.

D. **Informational Item: Budget and Legislative Update**
Greg Aldrich, government relations manager, and Jim Roys, budget manager, will present an update on the current biennium's budget and legislative discussions.
Greg Aldrich and Jim Roys, Department of Environmental Quality

Lunch and Executive Session
The EQC will meet in executive session over lunch from approximately 12:00 to 1:00 p.m. to consult with counsel concerning legal rights and duties regarding current or potential litigation against the DEQ. Only representatives of the media may attend and media representatives may not report on any deliberations during the session. [1]

E. **Public Forum**
At approximately 1:00 p.m., the EQC will provide members of the public an opportunity to speak to commission members on environmental issues. Individuals wishing to speak to the EQC must sign a request form at the meeting and limit presentations to five minutes. The EQC may discontinue public forum after a reasonable time if a large number of speakers wish to appear. In accordance with ORS 183.335(13), no comments may be presented on rule adoption items for which public comment periods have closed.

F. Action Item: Temporary Rulemaking for the Clean Water State Revolving Fund
DEQ staff will present proposed temporary rules for possible adoption in regard to the American Recovery and Reinvestment Act of 2009. A temporary rulemaking is needed to amend specific requirements within Oregon's Clean Water State Revolving Fund loan program to ensure the effective and timely implementation of the act's requirements.
Neil Mullane, Judy Johndohl and Larry McAllister, Department of Environmental Quality

G. Informational Item: Composting Rules
Wendy Wiles, Land Quality Division administrator, will present an update on composting facility rules in development. The proposed rules may be presented for possible adoption at the EQC meeting in August 2009.
Wendy Wiles, Department of Environmental Quality

H/I. Break

J. Informational Item: Senate Bill 737 Update
Cheryl Grabham, Water Quality Division standards and assessment policy and project assistant, will present an update on projects mandated by the 1997 Oregon Senate Bill 737 and the draft list of water quality toxics required by that legislation.
Neil Mullane and Cheryl Grabham, Department of Environmental Quality

K. Informational Item: Wapato Lake and Blue-Green Algae Update
DEQ staff, with representatives from the Oregon Departments of Human Services and Agriculture, will give an update on monitoring programs for blue-green algae blooms in 2009. They will also present information specific to the blue-green algae bloom at Wapato Lake in spring 2008.
Neil Mullane and Gene Foster, Department of Environmental Quality; representatives from the Oregon Department of Human Services and the Oregon Department of Agriculture

L. Commissioner Reports
Commissioners will be given the opportunity to present information and updates not covered in the regular meeting agenda.

Adjourn

[1] This executive session will be held pursuant to ORS 192.660(2)(f), (h).

Future Oregon Environmental Quality Commission meeting dates incl
June 18 - 19, 2009: Portland
August 20 – 21, 2009: Newport

October 22 - 23, 2009: Bend
December 10 – 11, 2009: Northwest Region, TBD

Agenda Notes

Staff Reports: Staff reports for each item on this agenda can be viewed and printed from DEQ's Web site at http://www.deq.state.or.us/about/eqc/eqc.htm. To request a particular staff report be sent to you in the mail, contact the EQC Assistant, Department of Environmental Quality, Director's Office, 811 SW Sixth Avenue, Portland, Oregon 97204; telephone 503-229-5301, toll-free 1-800-452-4011 extension 5301, or 503-229-6993 (TTY). Please specify the agenda item letter when requesting reports. If special physical, language or other accommodations are needed for this meeting, please advise the EQC Assistant as soon as possible, but at least 48 hours in advance of the meeting.

Public Forum: The commission will provide time in the meeting during the afternoon of Friday, April 17, for members of the public to speak to the commission. Individuals wishing to speak to the commission must sign a request form at the meeting and limit presentations to five minutes. The commission may discontinue the public forum after a reasonable time if a large number of speakers wish to appear. In accordance with ORS 183.335(13), no comments may be presented on Rule Adoption items for which public comment periods have closed.

Note: Because of the uncertain length of time needed for each agenda item, the commission may hear any item at any time during the meeting. If a specific time is indicated for an agenda item, an effort will be made to consider that item as close to that time as possible. However, scheduled times may be modified if participants agree. Those wishing to hear discussion of an item should arrive at the beginning of the meeting to avoid missing the item.

The Environmental Quality Commission is a five-member, all volunteer, citizen panel appointed by the governor for four-year terms to serve as DEQ's policy and rule-making board. Members are eligible for reappointment but may not serve more than two consecutive terms.

Bill Blosser, Chairman
Bill Blosser is owner of William Blosser Consulting. He is employed by, and has held several positions with CH2M Hill in Portland. Bill served as Director of the Oregon Department of Land Conservation and Development from 2001-2002 and was formerly president of Sokol Blosser Winery in Dundee, Oregon. Bill has served on and chaired numerous commissions and task forces, including terms as chair of the Water Resources Commission, chair of the Land Conservation and Development Commission and chair of the Policy Advisory Committee on Water Quality to the EQC. Bill has a Bachelor of Arts degree in history and humanities from Stanford University and a master's degree in regional planning from the University of North Carolina, Chapel Hill. Commissioner Blosser was appointed to the EQC in January 2006 and lives in Portland.

Ken Williamson, Vice Chairman
Ken Williamson is head of the School of Chemical, Biological and Environmental Engineering at Oregon State University in Corvallis. He received his B.S. and M.S. at Oregon State University and his Ph.D. at Stanford University. Commissioner Williamson was appointed to the EQC in February 2004 and reappointed in May, 2007. He lives in Portland. He represents the EQC on the Oregon Watershed Enhancement Board (OWEB).

Judy Uherbelau, Commissioner
Judy Uherbelau is a graduate of Ball State University with a B.S. in Economics/Political Science. She received a J.D. from UCLA School of Law and recently closed her law practice with Thomas C. Howser, PC in Ashland. Judy served in the Peace Corps and the Oregon House of Representatives as well as numerous boards and commissions. Commissioner Uherbelau was appointed to the EQC in February 2005 and reappointed in June 2008. She lives in Ashland.

Donalda Dodson, Commissioner
Donalda Dodson is currently Interim Executive Director of the Oregon Child Development Coalition. Previously, she served as Administrator of the Department of Human Services Office of Family Health and as Manager of the Maternal/Child Health Program at the Marion County Health Department. Donalda has a Bachelor of Science degree in nursing and a master's degree in public health. She has chaired or served on nearly a dozen public health committees and task forces and expresses a strong interest in bringing environmental issues into the public health arena. Commissioner Dodson was appointed to the EQC in August of 2005 and reappointed in July of 2007. She resides in Salem.

Jane O'Keeffe, Commissioner
Jane O'Keeffe has been an operating partner in the O'Keeffe Family Ranch, a fourth-generation cattle operation in Adel, near Lakeview, for more than 25 years and has served as partner in the Campbell Crossing Ranch in Kimberly since 2007. She has served as a member and co-chair of the Oregon Watershed Enhancement Board and has been active in other local natural resource boards involving forest lands and sustainability. Her public service also includes work as consultant to the National Forest Counties and Schools Coalition and seven years as a Lake County commissioner. Jane has a bachelor's degree in agriculture and resources economics from Oregon State University. Commissioner O'Keeffe was appointed to the EQC in June 2008. She is a native of northeast Oregon and resides in Adel.

Dick Pedersen, Director
Department of Environmental Quality
811 SW Sixth Avenue, Portland, OR 97204-1390
Telephone: (503) 229-5696 Toll Free in Oregon: (800) 452-4011
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E-mail: deq.info@deq.state.or.us

Stephanie Clark, Assistant to the Commission
Telephone: (503) 229-5301

Draft _X_
Approved ___
Approved with Corrections ___

Minutes are not final until approved by commission.

Oregon Environmental Quality Commission
Minutes of the Three Hundred and Forty-eighth Meeting

February 26, 2009

The Environmental Quality Commission held a public meeting beginning at 8:34 a.m. on February 26, 2009, at the Department of Environmental Quality Headquarters in Portland, Oregon.

The following members of the Environmental Quality Commission were present:

Bill Blosser, Chairman
Kenneth Williamson, Vice Chairman
Donalda Dodson, Member
Judy Uherbelau, Member
Jane O'Keeffe, Member

A. Preliminary Commission Business: Adoption of Minutes of the December 11-12, 2008 Regular Meeting in Hillsboro, Oregon, and January 6, 2009 Special Meeting in Portland, Oregon
The EQC adopted the minutes from the December 11-12, 2008, regular meeting and the January 6, 2009, special meeting.

Moved: Commissioner Dodson
Second: Chair Blosser
Passed unanimously

B. Informational Item: Update on the Status of the Umatilla Chemical Agent Disposal Facility (UMCDF)
Joni Hammond and Rich Duval, Department of Environmental Quality; Mike Strong, site project manager for chemical materials agency field operations; and Doug Hamrick, project manager for Washington Demilitarization Company

Chemical demilitarization program administrator Rich Duval explained that the secondary waste processing has been finished for the nerve agent destruction campaign and the mustard agent destruction campaign will start in June without any backlog of secondary wastes and will keep the overall program on or ahead of its projected timeline. Mr. Duval noted the good management practices of the staff at the Umatilla facility and

that this success means that the project could have a three month, rather than eighteen month, end-of-project processing time.

Mr. Duval explained that the program is waiting on the final two permit approvals to start the mustard agent destruction campaign, and holding extra public meetings around Hermiston due to high resident interest. Mr. Duval explained that the Umatilla facility will begin planning for closure, with a projected shutdown after the last munitions have been destroyed in spring 2010.

Mike Strong and Doug Hamrick showed a video and explained the process for demilitarizing containers of mustard agent, and noted that a similar facility in Utah has processed over 3000 containers using this same method. The commissioners asked about the technologies used and their safety precautions, to which Mr. Strong and Mr. Hamrick explained that the Umatilla facility will use tested technologies and more advanced monitoring systems to ensure the proper and safe destruction of all mustard agent and residual mercury from the storage containers.

Commissioner Uherbelau asked about the public health implications of the mustard agent campaign. Mr. Strong and Mr. Hamrick answered that all staff are monitored for health effects of the agents, the Center for Disease Control does and annual testing session and the facility is constantly monitored for any contamination. Commissioner Uherbelau also asked what would happen to the machinery after the facility is closed and Mr. Hamrick and Mr. Duval explained that any exposed materials will be run through a metal incinerator but any parts too big to be cleaned on-site will be sent to a hazardous materials recycling and disposal facility.

C. Informational Item: Director's Dialogue
Dick Pedersen, DEQ

Director Pedersen gave updates on the following DEQ projects and programs.

Confined Animal Feeding Operations:
DEQ has an agreement with the Oregon Department of Agriculture to run this program, and there are several upcoming public hearings for updates to the renewal of the permits. Director Pedersen explained that the update will make these permits similar in structure to stormwater permits and will require richer public outreach and notice requirements.

Liquefied Natural Gas:
There are three LNG projects in development in Oregon; Bradwood Landing, Oregon LNG and Jordan Cove. Director Pedersen explained the status of each project and gave specific updates on the permit and development statuses. He said that the Bradwood Landing project is a legally and technically complex project at this point, with the Columbia Riverkeepers and Columbia River Inter-Tribal Fish Commission expressing their opposition to the project. DEQ suspended the Bradwood Landing air and water permit applications until an updated land use compatibility statement has been finalized

and some technical questions are answered about the placement and scope of the proposed pipeline. Director Pedersen explained that DEQ received an air emission permit application from the Oregon LNG project, and some clarification with the local governments is necessary to clarify confusion and minor inaccuracies in the project's land use compatibility statement. DEQ commented on the draft environmental impact study for the Jordan Cove project, and no air or water permit applications have been received at this point.

Product Stewardship:
Director Pedersen stated that DEQ-developed product bills for mercury lighting and rechargeable batteries are being introduced to the Oregon legislature today with a public hearing, and other industry-developed bills are expected during the current legislative session. DEQ plans to work with the sponsors of any other product stewardship bills to make sure all environmental protection concerns are adequately addressed in proposed legislation.

Commissioner Uherbelau asked if DEQ is working on a pharmaceutical-specific product stewardship plan, and Director Pedersen answered that there is a bill before the legislature that deals specifically with pharmaceuticals but DEQ has not been the lead agency on that issue. With acknowledgement from Director Pedersen and the EQC, Janet Gillespie, from the Association of Clean Water Agencies, addressed the commissioners about this bill. Ms. Gillespie noted that she will provide copies of the draft legislation to the EQC for their review and potential endorsement or demonstrated support.

Downturn in recycling markets:
Director Pedersen reported on a national downturn in the sale of recycled materials, and that many recyclers in Oregon are choosing to store materials and wait for better prices. DEQ solid waste program staff are working with recyclers and haulers to stay informed on this situation and provide solutions that benefit the recyclers and maintain the good established recycling habits of Oregonians.

Oregon E-Cycles:
Director Pedersen gave an overview of the recent success of this program since its kickoff event in February in Salem. There was lots of bipartisan support for the project, and over 200 recycling and reuse stations are operating around the state.

Sustainability at DEQ:
DEQ decided to implement the Natural Step framework for sustainability, and will be the first state agency to use this model. Director Pedersen explained that all managers were trained in this framework, and an all-staff training and implementation plan has been established for the next several months. Director Pedersen emphasized that this sustainability project is an excellent opportunity for DEQ to model the practices and objectives of its mission and vision statements. At the request of the commissioners, DEQ staff will provide a more thorough update and informational item on the Natural Step process at a later EQC meeting.

Senate Bill 737:
Director Pedersen gave a brief background and update on the 2007 Senate Bill 737 that directed DEQ to develop a list of priority water quality toxics for Oregon. The draft list is complete and will be submitted to the Oregon Legislature in June after a significant public comment period. Director Pedersen explained that the original list of toxics was narrowed from over 1000 compounds to less than 200, and may be smaller after public review and comment. Director Pedersen noted that the project staff will bring a full informational item to the EQC at the April meeting, and plan to begin rulemaking by June 2010 when the final list and reports are submitted to the legislature.

Water Quality Toxics Review (formerly known as the Fish Consumption Rate project):
DEQ has been progressing slowly and with robust public outreach on this project after the October 2008 rulemaking of a new fish consumption rate, and expect the process to last about 18 months. The rulemaking will likely be as or more controversial than the fish consumption rate rulemaking, and Director Pedersen states that staff will provide project status updates at almost every EQC meeting.

Federal Stimulus Money:
Director Pedersen explained that the new federal economic stimulus act will give about $45 million to Oregon through the clean water state revolving fund program and that projects must be under contract or construction by February 2010 to get this money. DEQ's Water Quality Division has coordinated with a number of water resource organizations in preparation for this money, and will need a temporary rulemaking in April 2009 to change some provisions of the state revolving fund program to allow some requirements of the federal act. Water Quality Division Administrator Neil Mullane explained that timeliness of implementation is the major barrier for these projects, and that staff are investigating a number of options to best assist all Oregon communities with this money.

Director Pedersen noted that there is also about $2 million of stimulus funds available for clean diesel projects in Oregon. He stated that DEQ will keep the EQC informed about all possible funding and grant money as information is available.

Wapato Lake:
Director Pedersen introduced this item by explaining that it will be a full informational item at the April 2009 meeting, and DEQ Water Quality Division staff have been working with stakeholder agencies and organizations to give the commission the best update possible.

Total Dissolved Gas:
The Army Corps of Engineers submitted their annual monitoring report for total dissolved gas levels and was found to be in compliance with the DEQ permit despite several instances of gas levels exceeding the permit. Director Pedersen added that, with the EQC's approval, DEQ may no longer require the Army to do monitoring in the forebay of the river sampling area.

Regional Haze Plan and Rulemaking:
Director Pedersen explained that over 2000 pages of comments have been received during the public comment period for this rulemaking, and Air Quality Divison staff have decided to postpone the rulemaking from April to June 2009 to best respond and react to comments. He noted that this postponement will not create any issues with timing nor implementation of the plans and rulemaking, and simply is a desire to present a proposal that best reflects the comments and issues heard from the public.

Fine particulate matter (PM 2.5):
Klamath Falls and Oakridge have been designated fine particulate matter air quality nonattainment areas, and DEQ is working with the city of Klamath Falls and the Lane Regional Air Protection Agency to develop plans to bring areas back into compliance. The nonattainment designation is mostly due to winter inversion events from woodsmoke and other point sources that could be remedied with new management plans. Director Pedersen explained that several other Oregon communities are close to nonattainment and that staff are working with them on management plans to keep in compliance.

Low Emission Vehicles:
The EQC adopted California's low emission vehicle standards in 2005, but the EPA refused to grant that California waiver. The EPA is now reevaluating that waiver with some research that might reverse that initial decision, which would trigger the Oregon rules into effect. Director Pedersen explained that Oregon would still follow a state plan for low emission vehicles based on the California waiver, and other states would follow a federal plan that would likely be close to the California plan.

Greenhouse Gas Reporting Rule:
Director Pedersen explained that DEQ is working with the Western Climate Initiative based on the greenhouse gas reporting rules that EQC passed in October 2008 The Western Climate Initiative is developing protocols , and DEQ plans to bring the protocols to EQC for review and adoption when they are available.

Air Quality Standards for Boilers:
Director Pedersen explained that a federal court recently voided an air quality standard for boilers, and will likely require boiler sources to apply for a new standards permit on a case-by-case basis. DEQ is communicating with 33 sources that might be affected by the court decision and will keep the EQC informed as this issue develops in the next several months.

Environmental Council of the States:
Director Pedersen added this item to state that he is travelling to Washington DC in late March for a meeting of the Environmental Council of the States. He plans to express issues of concern for Oregon, is the Vice Chair for the Air Committee and Chair of the Climate Committee. He noted that being involved at this federal level will help the work being done at the state level in Oregon and plans to meet with EPA administrator Lisa Jackson and Oregon's representatives and will report back to EQC on those meetings.

Commissioner Dodson noted that many of DEQ's projects overlap with the Oregon Department of Human Services and that she would like to see a more coordinated effort for the two agencies to collaborate and communicate on projects. Director Pedersen stated that he agrees and will try to invite Oregon Department of Human Services staff to a future EQC meeting to have this discussion.

D. Informational Item: Budget and Legislative Updates
Greg Aldrich and Jim Roys, DEQ

DEQ Government Relations Manager Greg Aldrich gave an update on the 2007-2009 biennium's budget and related concerns for DEQ. The February 20 revenue forecast showed that Oregon faces an $850 million gap for the remainder of the 2009 fiscal year. To date, DEQ has given up $8.3 million through a series of reductions requested by the governor and the legislative fiscal office. Mr. Aldrich noted that DEQ's fiscally prudent practices may eliminate the need for more cuts this biennium.

Mr. Aldrich handed out a list of five percent reduction options for DEQ that was approved by the Ways and Means committee, and will be brought to a full vote tomorrow. The list gives up a mix of funding for currently unfilled positions, clean diesel program funds, payments to the Lane Regional Air Protection Agency and delayed or stopped work equivalent to $1.8 million.

Mr. Aldrich then discussed the 2009-2011 budget, for which there is a projected gap of $3.3 billion. He noted that the Water Quality Division is more dependent on general fund monies than other programs, so their reductions appear to be proportionally larger. He restated that choices were made to maintain the core permitting and inspection work at DEQ, and that a loss of funding could reduce funding for positions through indirect agency management support for programs and projects. Director Pedersen noted that the budget cuts are significant and will do damage to DEQ's ability to fulfill its mission, but that we continue to investigate innovative ways to adapt to the financial situation.

Mr. Aldrich gave a brief update on some key bills with ties to DEQ, noting that any bills with associated costs have been controversial and will likely continue to be so due to budget constraints and economic difficulties.

Jim Roys, DEQ budget manager, gave a short update to the annual financial report, noting that he would rerun in April for a more comprehensive update and a full report on how divisions and programs are funded at DEQ for a better understanding of the implications of general fund reductions and budget cuts. He noted that the recently approved federal stimulus monies will not be helpful for DEQ's individual budgets, as money is being passed through DEQ on to implementable projects, but will alleviate some of Oregon's budget shortfalls.

E. Public Forum

- **Sharon Genasci** – Chair of the NWAA Health and Environment Committee and resident of NW Portland. Ms. Genasci presented information to the EQC regarding air quality concerns in NW Portland and shared her experiences with air toxics from the industrial and non-point sources in her neighborhood.
- **Brian Waganer** – Tualatin Riverkeepers. Mr. Waganer presented an update on Wapato Lake bill developed by the Tualatin Riverkeepers, acknowledging that it will take a while before the bill is implemented due to budget concerns. He noted that last summer's issue with algae blooms was an acute issue based on one discharger and would like to see DEQ enforce against the polluter and possibly increase enforcement penalties as a means to offset budget issues.

Lunch: The EQC met in an informal networking lunch with Attorney General John Kroger from noon to 1:00 p.m. The lunch was open to the public, and several DEQ staff members attended. The attendees discussed the increased efficiency of the Office of Compliance and Enforcement due to the implementation of the Kaizen process. Attorney General Kroger offered his political and legal support to DEQ and to be a helpful messenger to provide information that is accurate and reinforces his personal and professional commitment to environmental enforcement.

F. Action Item: Contested Case
Robert Engle, representing Mr. Johnston
Jane Hickman and Leah Koss from DEQ's Office of Compliance and Enforcement

Chair Blosser polled the commission for any ex-partie contact and conflicts of interest, and seeing none moved forward on the agenda item. Larry Knudsen, Department of Justice counsel for DEQ, gave a formal introduction of the process for the EQC hearing.

Mr. Engle stated that DEQ presented no evidence that would satisfy the state's burden of proof and that the issue strict liability for the property owner.

Ms. Koss presented the background in DEQ's case, noting that Judge Smith found Mr. Johnston liable on four counts including open burn and accumulation of solid waste on his property and burning of accumulated solid waste materials. Smith's order found Johnston was aware of the rules regarding open burning and allowed accumulation and burning of materials so he is liable for civil penalties. Ms. Koss stated that that Mr. Johnston misinterpreted the strict liability definition, and that he is strictly liable based on Oregon laws and definitions regarding property ownership.

The commissioners asked clarifying questions of Mr. Engle and Ms. Koss, with Larry Knudsen providing guidance on the EQC's authority to uphold, amend or further review the findings of Judge Smith.

Decision: Adopt the final order upholding Judge Smith's proposed order
Moved: Commissioner O'Keeffe
Second: Commissioner Dodson
Passed unanimously
Larry Knudsen will prepare the final order for Director Pedersen's signature.

G. Action Item: Director's Transactions
Kerri Nelson and Dolores Passarelle

Oregon Department of Administrative Services policy requires approval of the director's transactions, which EQC previously delegated to DEQ's Management Services Division for monthly approval with annual review and approval by the EQC.

The commissioners reviewed the presented documents and had no questions. Kerri Nelson, Management Services Division administrator, noted that they have discussed a new online procedure for completing and reviewing forms to simplify DEQ's accounting process.

Motion: Approve the director's transactions as presented
Moved: Commissioner Uherbelau
Second: Commissioner Dodson
Passed unanimously

H. Informational Item: Klamath River Basin Agreements
Sue Knapp, Governor's Natural Resources Office

Sue Knapp presented background and project overview information on the Klamath River Basin agreements, and noted that Oregon has been working for a long time to provide durable solutions in the basin. The agreements, a major milestone for the basin and its stakeholders, will require PacifiCorp to stop hydroelectric projects and begin dam removal on the Klamath River starting in 2020. These agreements will also eventually need EQC endorsement and DEQ action.

Ms. Knapp explained the Basin Restoration Agreement is necessary due to a long-standing history of water issues, recent increases in power rates, revitalization needs of four Tribes in the area and the Federal Energy Regulatory Commission relicensing deadline for a hydroelectric project. This agreement seeks to achieve wholeness and wellness for the communities, cultures and ecosystems with a series of planning and policy changes for more sustainable and equitable water use and management.

The Hydroelectric Agreement in Principal was signed by four governments in November 2008, with the final agreement due by June 30, 2009, and a presumptive path to dam removal in 2020. The agreement establishes protection for power customers from uncertain costs and dam removal liabilities, as well as the provision for continued

benefits of low-cost power. Ms. Knapp stated that the four dams along the Klamath River must be removed by a third party, and operations must be followed to ensure no harm is done to the species found in and around the river. This agreement also requires the signatory governments to determine by March 2012the feasibility and cost-benefit analysis of dam removal. Federal legislation regarding this issue and agreement is being developed and will authorize and cover liabilities for dam removal.

Ms. Knapp also explained that the agreements create an opportunity for more conservation and power and water management plans as well as economic opportunities for the region. PacifiCorp is working with local communities to partner on renewable power projects and is in consultations with irrigation customers to facilitate the agreement.

A final hydroelectric agreement is due by June 30, 2009, with public utility commission review and ratemaking to follow pending the approval of the agreement. Ms. Knapp noted that studies and engineering projects will occur until 2012, with dam removal along the Klamath River to start in 2020. Senate Bill 76 requires that the cost of dam removal would be capped at $200 million, and passed to Oregon and California PacifiCorp customers as a power surcharge.

Many Oregon state agencies are involved in a variety of ways for the agreement, and DEQ is involved with the 401 certification and total maximum daily load implementations with a key role in water quality monitoring in the basin.

Commissioner O'Keeffe expressed her congratulations to all who have been working on this project, noting that she lives near this region and is aware of some disagreements among stakeholders. She asked if there has been space for off-basin stakeholders to be involved, and why the local Tribes were not signatories of the draft agreement. Ms. Knapp explained that the project's staff are working to get everyone involved with negotiations and that the Tribes, as independent nations, were not part of the four major initial parties discussing the agreement, but will be signatories for the final agreement.

The commissioners thanked Ms. Knapp for her presentation and stated that these agreements represent the world's largest and most complex water resource planning issue that has been solved through government planning and policy work.

I. Informational Item: Commissioner Reports

Vice Chair Williamson spoke briefly about budget issues at the Oregon Water Resources Board, including the likelihood of a $15 million decrease in funds in 2009. This cut will impact DEQ's payments from OWEB, which have been about $2 million in the past. Commissioner O'Keeffe asked if federal stimulus money was available for OWEB, and Vice Chair Williamson responded that he wasn't sure but that they were looking into it. He also notes that the Federal Forest Advisory Committee finished and submitted its report, while approved, asks for state funding for biomass burning research

and removal projects that are unlikely to be approved in the current state budget situation. Vice Chair Williamson also shared an update on his recent trip to Saxony, Germany, representing DEQ and reporting on sustainability projects in Oregon. Hillsboro is developing a sister city relationship with Freiburg, Germany, based on solar industry work.

Chair Blosser noted that he is EQC's ex-officio delegate to Governor Kulingowski's Oregon Energy Planning Council, and the group has been charged with creating a climate change plan that will reduce Oregon's carbon emissions. The first meeting was held recently, and he will bring updates and reports to the EQC as they happen.

Commissioner Uherbelau brought a recent newspaper article highlighting runoff management at Southern Oregon University. Five students started this project to replace the lawns at SOU with native species to reduce runoff by about 50 percent and have been very successful.

Chair Blosser adjourned the meeting at 4:12 p.m.

State of Oregon
Department of
Environmental
Quality

Umatilla Chemical Demilitarization Program
Status Update
Environmental Quality Commission
April 17, 2009

Agent Processing at the Umatilla Chemical Agent Disposal Facility (UMCDF)

Cumulative Operations:

As of March 20, 2009, the Umatilla facility has destroyed 217,969 munitions, which represents 99 percent of all Umatilla munitions and bulk containers, 37 percent of the original Umatilla stockpile by agent weight, and 100 percent of the nerve agents.

Sarin Nerve Agent Operations:

The facility completed processing sarin nerve agent munitions and bulk items processing July 2007. Sarin nerve agent munitions and bulk items comprised 21.4 percent of the total Umatilla stockpile by agent weight. The facility destroyed 155,539 munitions and bulk containers filled with 2,028,020 pounds of sarin nerve agent. This represented 70.5 percent of all Umatilla munitions and bulk containers and 21.4 percent of the original Umatilla stockpile by agent weight.

The only remaining sarin-related waste is used carbon from the filtering system. The facility has treated all other sarin nerve agent secondary wastes.

VX Nerve Agent Operations:

The facility has treated all VX munitions. The 155 mm VX projectile campaign began March 20, 2008, was completed June 27, 2008. The facility completed changeover activities and began processing the eight-inch VX projectiles on July 15, 2008, and completed the campaign on August 6, 2008. The VX mines campaign began September 2008 and was completed November 5, 2008.

VX munitions and bulk items comprised 9.8 percent of the total Umatilla stockpile by agent weight. The facility destroyed 14,519 VX rockets and warheads, one VX ton container, 156 VX spray tanks, 32,313 155mm VX projectiles, 3,752 eight-inch VX projectiles, and 11,685 VX mines.

Except for carbon, all VX-related wastes stored in the J-Block igloos have been treated. Secondary wastes produced during changeover are being treated as they are generated.

Mustard Agent Operations

The facility is undergoing changeover activities for the start of mustard ton container operations. There are 2,635 mustard agent ton containers in the facility's stockpile. This represents one percent of all munitions and bulk containers and 63 percent of the original stockpile by agent weight.

Mustard agent operations began with the start of the VX-to-mustard changeover on November 6, 2008. Mustard agent ton container processing is scheduled to begin in April and is expected to be completed by mid-2010.

Other UMCDF Chemical Demilitarization Program News

UMCDF Permit Modification Request Activity (January 28, 2009, through March 23, 2009):

SUBMITTALS *(includes 09-004, 09-007, and 09-011, which were also accepted during this period)*		
PMR#	**Title**	**Submitted**
UMCDF-09-004-DFS(1N)	Module VI, Table 6-11 Update	02/18/09
UMCDF-09-007-MPF(1N)	Removal of Obsolete Campaign-Specific Verbiage	02/18/09
UMCDF-09-011-MISC(1N)	Inspection Schedule Correction	02/23/09
UMCDF-09-013-WAP(2)	Analysis of HD Ton Container Heel	02/25/09
UMCDF-09-003-MISC(3)	HD Agent Trial Burn Plan	02/26/09
UMCDF-09-015-WAST(1N)	Application Clarification for Brine Management	03/5/09
UMCDF-09-010-MISC(1N)	Redline Annual Update for the BRA, TANK, and MISC Systems	03/17/09

APPROVALS/ACCEPTANCES			
PMR#	**Title**	**Received**	**Decn**
UMCDF-08-022-WAST(2)	Brine Management (HD)	07/01/08	02/09/09
UMCDF-08-034-MPF(2)	Miscellaneous MPF Mustard (HD) Design Changes	08/26/08	02/10/09
UMCDF-09-002-CONT(1N)	Annual Contingency Plan Update	01/20/09	03/10/09
UMCDF-09-004-DFS(1N)	Module VI, Table 6-11 Update	02/18/09	02/24/09
UMCDF-09-007-MPF(1N)	Removal of Obsolete Campaign-Specific Verbiage	02/18/09	02/24/09
UMCDF-09-011-MISC(1N)	Inspection Schedule Correction	02/23/09	02/24/09

CLASS 3 TENTATIVE DECISIONS			
PMR#	**Title**	**Received**	**Tentative Decn**
UMCDF-08-010-DMIL(3TA)	Depressurization Glove Box Miscellaneous Unit	08/19/08	03/05/09
UMCDF-08-030-DMIL(3TA)	Bulk Drain Station Modifications	11/26/08	03/05/09

IN PROCESS: The following PMNs and PMRs are under Department review *(includes 09-003, 09-013, 09-010, and 09-015, which were also submitted during this period and 08-010 and 08-030 for which tentative decisions were issued)*				
PMR#	**Title**	**Received**	**Public Comment Period Close**	**Target Decision/ Review Date**
UMCDF-05-034-WAST(3)	Deletion of the DUN and Addition of the CMS	10/25/05	12/24/05[1]	TBD
UMCDF-07-006-DFS(3TA)	Minimum Temperature Limit Change on the DFS	01/16/07	04/25/08[3]	TBD
UMCDF-07-005-MISC(2)	Condition II.M-Liability Insurance Requirement Changes	01/30/07	04/02/07	07/15/09
UMCDF-08-037-MISC(1N)	Annual Procedures Update	05/29/08	N/A	TBD
UMCDF-08-010-DMIL(3TA)	Depressurization Glove Box Miscellaneous Unit	08/19/08	10/18/08[1] 01/06/09[2] 04/20/09[3]	04/27/09
UMCDF-08-025-MISC(1N)	Redline Annual Update-DMIL/MDB/ Misc Systems	09/08/08	N/A	TBD
UMCDF-08-030-DMIL(3TA)	Bulk Drain Station Modifications	11/26/08	01/26/09[1] 04/20/09[3]	04/27/09
UMCDF-08-031-PFS(2)	PFS Carbon Filter Media	11/26/08	01/26/09[1]	03/26/09
UMCDF-08-028-MISC(1N)	Redline Annual Update for General/ PAS Systems	11/26/08	N/A	TBD
UMCDF-08-036-WAP(2)	Mustard (HD) Waste Analysis Plan (WAP) Update	12/17/08	02/16/09[1]	04/16/09
UMCDF-09-001-MISC(1N)	Redline Annual Update-Furnace System	01/21/09	N/A	03/24/09
UMCDF-09-013-WAP(2)	Analysis of HD Ton Container Heel	02/25/09	04/20/09[1]	05/26/09
UMCDF-09-003-MISC(3)	HD Agent Trial Burn Plan	02/26/09	04/21/09[1]	04/22/09
UMCDF-09-015-WAST(1N)	Application Clarification for Brine Management	03/05/09	N/A	05/04/09
UMCDF-09-010-MISC(1N)	Redline Annual Update for the BRA, Tank, and MISC Systems	03/17/09	NA	05/18/09

[1] Initial (permittee) public comment period.
[2] Additional public comment period required/opened due to incompleteness of original PMR submittal
[3] Department (draft permit) public comment period.

UMCD permit modification request activity: None for the period January 28, 2009, through March 23, 2009

Significant Events at Other Demilitarization Facilities

The U.S. Army's Chemical Materials Agency marked the final destruction of all VX nerve agent on December 24, 2008, with the elimination of Anniston's final land mine. The remaining VX at Blue Grass will be destroyed by Assembled Chemical Weapons Alternatives. To date, 58.9 percent of the national chemical agent stockpile tonnage has been destroyed.

Anniston Chemical Agent Disposal Facility, Alabama
Anniston has destroyed 56.2 percent of its total stockpile by agent weight, and is currently undergoing VX-to-mustard agent changeover activities.

Pine Bluff Chemical Agent Disposal Facility, Arkansas
Pine Bluff has destroyed 17.4 percent of its total stockpile by agent weight. This facility started mustard agent ton container processing December 7, 2008, and had processed 67 ton containers as of January 14, 2009.

Tooele Chemical Agent Disposal Facility, Utah
Agent disposal is 75.7 percent complete at this facility.

Processing of low-heel, low-mercury ($\leq$ 1 ppm of mercury) ton containers resumed August 25, 2008. High-heel ton container operations utilizing the heel transfer system began October 3, 2008. As of January 14, 2009, 2,898 ton containers had been treated.

Three sulfur-impregnated carbon filters are being installed as part of an expansion to the existing pollution abatement system. The filters will be used to capture mercury that may remain after incineration of high-mercury (> 1 ppm mercury) mustard mortars and ton containers. Because the filter system has not been completed and the facility has nearly completed its low-mercury ton container processing, it is preparing to change over to processing mustard mortars.

Newport Chemical Agent Disposal Facility, Indiana
Newport has completed agent disposal operations. It is the third site to complete operations, following Johnston Atoll Chemical Agent Disposal System in 2000 and Aberdeen Chemical Agent Disposal Facility in 2006. Closure activities will occur over an 18- to 24-month period. This facility is engaged in Phase 1 closure activities, which include demolition of the chemical agent transfer system glove boxes and flushing hydrolysate tank. In-place decontamination of the reactor bay equipment is essentially complete and removal of agent piping has started.

Pueblo Chemical Agent Destruction Pilot Plant, Colorado
Neutralization followed by biotreatment will be used to destroy Pueblo's 2,611-ton mustard agent stockpile of artillery and mortar projectiles. The overall design is complete and some construction is under way, but site-specific equipment, including a munitions treatment unit and projectile mortar disassembly machine, is still being designed and fabricated in preparation for testing this fall.

Because of continuing schedule delays, the State of Colorado issued a hazardous waste compliance order in June 2008 mandating the destruction of chemical weapons at Pueblo by 2017, which is four years ahead of the Department of Defense's latest schedule, but matches congressional mandates that were put in force less than a year ago. The order indicates that the

Pueblo Chemical Depot has long been out of compliance with state hazardous waste regulations that limit the amount of time hazardous waste may be stored. The Army is disputing the order.

The permit issued by Colorado on October 17, 2008, allows the project to build the remainder of the plant.

Blue Grass Chemical Agent Destruction Pilot Plant, Kentucky
Neutralization followed by supercritical water oxidation will be used to destroy Blue Grass's 523-ton stockpile of nerve and mustard agents. Chemical agent operations will begin in 2017 and end by 2023. The design work is 91 percent complete.

The facility had two leaking mustard agent projectiles in separate igloo magazines.

Neutralization of three sarin nerve agent ton containers (Operation Swift Solution) began November 12, 2008. The first phase, neutralization of the sarin nerve agent and its breakdown products, has been completed. The second phase, in progress, removes and neutralizes any sludge, rust or other solids that may have formed inside the containers. The last phase is processing the legacy and secondary wastes generated during the management and destruction of the sarin nerve agent containers for off-site shipment. When completed, the operational facilities will be shut down and the temporary structures and equipment will be shipped back to Aberdeen Proving Grounds in Maryland.

Chemical Weapons Destruction Program
Glossary of Acronyms and Terms of Art

ABCDF – Aberdeen Chemical Agent Disposal Facility, located at the Aberdeen Proving Grounds in Maryland

ACAMS – Automatic Continuous Air Monitoring System – the chemical agent monitoring instruments used by the Army to provide low-level, near real time analysis of chemical agent levels in the air

ACWA –Assembled Chemical Weapons Alternatives, agency of the Army overseeing operations at Pueblo, CO (PCAPP) and Bluegrass, Kentucky (BGCAPP)

ANCDF – Anniston Chemical Agent Disposal Facility, located at Anniston Army Depot in Alabama

APG–Aberdeen Proving Grounds, Edgewood, Maryland

ATB – agent trial burn – test burns on incinerators to demonstrate compliance with emission limits and other permit conditions

AWFCO instrument– Automatic Waste Feed Cutoff – an instrument that monitors key operating parameters of a high temperature incinerator and automatically shuts off waste feed to the incinerator if prescribed operating limits are exceeded

BGCA – Blue Grass Chemical Activity, located at the Blue Grass Army Depot in Kentucky

BGCAPP – Blue Grass Chemical Agent Destruction Pilot Plant, new designation for BGCA.

BRA – Brine Reduction Area – the hazardous waste treatment unit that uses steam evaporators and drum dryers to convert the salt solution (brine) generated from pollution abatement systems on the incinerators into a dry salt that is shipped off-site to a hazardous waste landfill for disposal

CAC – Chemical Demilitarization Citizens Advisory Commission – the nine member group appointed by the Governor to receive information and briefings and provide input and express concerns to the U.S. Army regarding the Army's ongoing program for disposal of chemical agents and munitions – each state with a chemical weapons storage facility has its own CAC – in Oregon the DEQ's Chemical Demilitarization Program Administrator and the Oregon CSEPP Manager serve on the CAC as non-voting members

CAMDS – Chemical Agent Munitions Disposal System – the former research and development facility for chemical weapons processing, located at the Deseret Chemical Depot in Utah

CDC – Centers for Disease Control and Prevention – a federal agency that provides oversight and technical assistance to the U.S. Army related to chemical agent monitoring, laboratory operations, and safety issues at chemical agent disposal facilities (Website: http://www.cdc.gov/nceh/demil/)

CMA – U.S. Army's Chemical Materials Agency, the agency responsible for chemical weapons destruction (website: http://www.cma.army.mil/)

CMP – comprehensive monitoring program – a program designed to conduct sampling of various environmental media (air, water, soil and biota) required by the EQC in 1997 to confirm the projections of the Pre-Trial Burn Health and Ecological Risk Assessment.

CMS – carbon micronization system – a new treatment system that is proposed to be used in conjunction with the deactivation furnace system to process spent carbon generated at UMCDF during facility operations – the CMS would pulverize the spent carbon and then inject the powder into the deactivation furnace system for thermal treatment to destroy residual chemical agent adsorbed onto the carbon

CSEPP – Chemical Stockpile Emergency Preparedness Program – the national program that provides resources for local officials (including emergency first responders) to provide protection to people living and working in proximity to chemical weapons storage facilities and to respond to emergencies in the event of an off-post release of chemical warfare agents (Website: http://csepp.net/)

CWC Treaty – Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction. Ratified by the U.S. Senate on April 24, 1997.

CWWG – Chemical Weapons Working Group, an international organization opposed to incineration as a technology for chemical weapons destruction and a proponent of alternative technologies, such as chemical neutralization (Website: http://www.cwwg.org/)

DAAMS – Depot Area Air Monitoring System – the system that is utilized for perimeter air monitoring at chemical weapons depots and to confirm or refute ACAMS readings at chemical agent disposal facilities – samples are collected in tubes of sorbent materials and taken to a laboratory for analysis by gas chromatography

DAL – discharge airlock – a chamber at the end of MPF used to monitor treated waste residues prior to release.

DCD – Deseret Chemical Depot – the chemical weapons depot located in Utah

DFS – deactivation furnace system – a high temperature incinerator (rotary kiln with afterburner) used to destroy rockets and conventional explosives (e.g., fuses and bursters) from chemical weapons

DPE – demilitarization protective ensemble – the fully-encapsulated personal protective suits with supplied air that are worn by workers in areas with high levels of agent contamination

DUN – dunnage incinerator – high temperature incinerator included in the original UMCDF design and intended to treat secondary process wastes generated from munitions destruction activities – this incinerator was never constructed at UMCDF

ECR – Explosive Containment Room – UMCDF has two ECRs used to process explosively configured munitions. ECRs are designed with reinforced walls, fire suppression systems, pressure sensors, and automatic fire dampers to detect and contain explosions and/or fire that might occur during munitions processing

EONC – Enhanced Onsite Container – Specialized vessel used for the transport of munitions and bulk items from UNCD to UMCDF and for the interim storage of those items in the UMCDF Container Handling Building until they are unpacked for processing

G.A.S.P. – a Hermiston-based anti-incineration environmental group that has filed multiple lawsuits in opposition to the use of incineration technology for the destruction of chemical weapons at the Umatilla Chemical Depot – G.A.S.P. is a member of the Chemical Weapons Working Group

GB – the nerve agent sarin

HD – the blister agent mustard

HVAC – heating, ventilation, and air conditioning

HW – hazardous waste

I-Block – the area of storage igloos where ton containers of mustard agent are stored at UMCD

IOD – integrated operations demonstration – part of the Operational Readiness Review process when UMCDF demonstrates the full functionality of equipment and operators prior to the start of a new agent or munition campaign.

JACADS – Johnston Atoll Chemical Agent Disposal System, the prototype chemical agent disposal facility located on the Johnston Atoll in the Pacific Ocean (now closed and dismantled)

J-Block – the area of storage igloos where secondary wastes generated from chemical weapons destruction are stored at UMCD

K-Block – the area of storage igloos where chemical weapons are stored at UMCD

LIC1 & LIC2 – liquid incinerators #1 & #2 – high temperature incinerators (liquid injection with afterburner) used to destroy liquid chemical agents

MDB – munitions demilitarization building – the building that houses all of the incinerators and chemical agent processing systems. The MDB has a cascaded air filtration system that keeps the building under a constant negative pressure to prevent the escape of agent vapor. All air from inside the MDB travels through a series of carbon filters to ensure it is clean before it is released to the atmosphere.

MPF – metal parts furnace – high temperature incinerator (roller hearth with afterburner) used to destroy secondary wastes and for final decontamination of metal parts and drained munitions bodies

NECDF – Newport Chemical Agent Disposal Facility, located at the Newport Chemical Depot in Indiana

NRC – National Research Council

ORR – operational readiness review – a formal documented review process by internal and external agencies to assess the overall readiness of UMCDF to begin a new agent or munitions processing campaign.

PBCDF – Pine Bluff Chemical Agent Disposal Facility, located at the Pine Bluff Arsenal in Arkansas

PCAPP – Pueblo Chemical Agent Destruction Pilot Plant, new designation for PUCDF.

PFS – the carbon filter system installed on the pollution abatement systems of the incinerators used for chemical agent destruction

PICs – products of incomplete combustion – by-product emissions generated from processing waste materials in an incinerator

PMR – permit modification request

PMN – permit modification notice

PUCDF – Pueblo Chemical Agent Disposal Facility, located at the Pueblo Chemical Depot in Colorado

SAP – sampling and analysis plan

SETH – simulated equipment test hardware – "dummy" munitions used by UMCDF to test processing systems and train operators before the processing of a new munitions type. SETH munitions are often filled with ethylene glycol to simulate the liquid chemical agent so that all components of the system, including the agent draining process, can be tested.

TAR – Temporary Authorization Request

TOCDF – the Tooele Chemical Agent Disposal Facility, located at the Deseret Chemical Depot in Utah

UMCD – Umatilla Chemical Depot

UMCDF – Umatilla Chemical Agent Disposal Facility

WAP – waste analysis plan –a plan required for every RCRA permit which describes the methodology that will be used to characterize wastes generated and/or managed at the facility.

WDC – Washington Demilitarization Company, LLC – the Systems Contractor for the U.S. Army at UMCDF.

VX – a nerve agent

State of Oregon
Department of Environmental Quality Memorandum

Date: April 16, 2009

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda Item C, Informational Item: Director's Dialogue
April 17, 2009 EQC meeting

Air Toxics Standards for Boilers
The Pacific Environmental Advocacy Center (PEAC) has filed a 60-day notice of intent to sue many of the 33 Oregon companies that operate boilers, which are major sources of hazardous air pollutants. The notices allege that the companies failed to file applications for case-by-case standards for maximum achievable control technology within 18 months after EPA's boiler rule was vacated. The requirement to submit case-by-case applications when EPA misses a deadline is known as the "maximum achievable control technology hammer," and is intended as an incentive for EPA to meet its rulemaking schedule. While EPA and DEQ have not determined if the incentive applies in this case, some companies have submitted case-by-case applications and more may submit applications as a result of the 60-day notice. EPA is under court order to reissue the national boiler rule this fall.

Air Toxics Monitoring at Schools
EPA will conduct air toxics monitoring at schools throughout the nation in response to a December 2008 USA Today article that estimated air toxics risk from industrial emission sources near the schools. The USA Today article was based on a modeling study of emission reports submitted by companies to the national Toxic Release Inventory. Based on the modeling study, USA Today ranked the schools by their relative risk, and included several Oregon schools on the list.

EPA plans to monitor air toxics around 62 schools in 22 states that are located near large industrial facilities or in urban areas. The monitoring will include two schools in Oregon: Harriet Tubman middle school in North Portland, and the Toledo elementary school in Toledo. EPA is funding and implementing the monitoring study, although we are assisting EPA with the data collection at the Harriet Tubman middle school. Monitoring will be conducted for 60 days at each location.

While we are pleased that the USA Today article focused public attention on air toxics, we have some concerns with the study and the monitoring plan. Because the study was based on Toxic Release Inventory data, it overestimates risks from industry and does not consider risks from mobile and small sources. The monitoring effort will only last for 60 days, and it may have limited usefulness in estimating risk to children from long-term exposure. We may be able to

help EPA partially overcome this limitation by correlating the monitoring results to our long-term monitors and extensive modeling of air toxics risk in the Portland area. The Northwest Region office has spoken to legislators, the Oregon Department of Human Services and community members to let them know how the monitoring fits into ongoing DEQ efforts.

Liquefied Natural Gas Projects

In February, I provided an update on the three liquefied natural gas facilities proposed in Oregon: the Bradwood Landing LNG project on the Columbia River between Astoria and Clatskanie, the Oregon LNG project on the Columbia River in Warrenton, and the Jordan Cove/Pacific Connector LNG project near North Bend, about five miles up Coos Bay from the ocean. This is a short summary of some recent events.

Bradwood Landing LNG project

In February, DEQ suspended formal processing of air and water permits for the facility pending the resolution of the land use issues, but we are continuing work on the 401 water quality certification.

Oregon LNG project

We are still planning for public meetings in Warrenton to share information with community members and hear local concerns and issues about this facility.

Jordan Cove LNG project

The applicants have not yet filed any permit applications with DEQ, but they have been working with DEQ's Air Quality Division to prepare the model for the Title V permit. In February, Jordan Cove worked on re-evaluating its air emissions at the terminal. Jordan Cove did not include emissions of idling tankers in the draft environmental impact statement because the tankers would be designed to run on electricity provided from the terminal.

The proposed Pacific Connector gas pipeline that is part of the project has obtained three of the four land use compatibility statements required for stormwater management permit applications for pipeline construction. Pacific Connector is preparing a joint permit application for submission in the next couple of months. The applicant has apparently completed temperature evaluation on streams managed by the Forest Service.

Riverbend Landfill

DEQ provided formal comments at Yamhill County commissioner land use hearings on a proposed expansion of the Riverbend Landfill. This landfill is a regional landfill and takes municipal garbage from several northwestern counties in Oregon. Neighbors of the landfill oppose expansion and are interested in promoting use of a waste to energy facility instead. Waste Management has provided comments on why the landfill should be allowed to expand. From an environmental standpoint, DEQ considers the landfill to be in compliance with air quality and stormwater requirements. Riverbend's stormwater permit has expired and DEQ will issue a new general permit soon. DEQ staff have worked with county commissioners to answer questions and

provide information as they make their land use decisions. When and if permitting modifications for an expansion are submitted to DEQ, we can expect that there will be significant public interest in our decision making process and plan for a significant public involvement process.

Lower Columbia regional disposal site for contaminated sediments
The Lower Columbia Solutions Group is working to create a regional upland disposal facility for contaminated sediment that can be used by multiple ports in the lower Columbia River. The group recognizes that pesticides, metals and other contaminants originating throughout the Columbia River watershed move down through the system and settle out at the mouth of the river, leaving lower Columbia ports with the costly problem of dredging and disposing of these materials. Given the importance of these ports to our regional economy and to local communities, partners on both sides of the river endorse a regional solution. When constructed, the facility would allow the Port of Astoria to do maintenance-dredging of contaminated sands that have settled in their mooring basins and docks, areas that the port cannot currently dredge for lack of an upland disposal site. The proposed facility would use an existing City of Warrenton wastewater lagoon, which is already partially engineered to handle contaminated material, and would provide Warrenton with desired land for redevelopment. When built, the facility would hold about 200,000 cubic yards of material and meet the lower ports' needs for the next five to 15 years. Local and state partners are now seeking $150,000 to match a $150,000 commitment from the Economic Development Department to conduct feasibility and design studies this year. The group's partners are also seeking $5 million in congressional funding to construct the facility in 2010 and DEQ continues to be a strong participant in this project.

Oregon E-Cycles
DEQ and the E-Cycles Advisory Workgroup are focusing on implementation issues, such as refining data reporting, developing compliance and enforcement strategies, and monitoring performance and program budgets.

Manufacturer programs will submit first quarter reports for 2009 in April. Early data suggests Oregonians will recycle more than the 12.2 million pounds of electronics targeted by E-Cycles Oregon this year

The E-Cycles staff is beginning to work with stakeholder to roll out the January 1, 2010, ban on disposal of computers, televisions, and monitors. The team is also developing compliance strategies for manufacturers, retailers, collectors and recyclers. Stakeholders want us to help ensure a level playing field among participants in the program. First year activities will emphasize technical assistance and compliance, with enforcement actions reserved for egregious violations.

Contract Awarded for Emergency Response Services
DEQ's emergency response program is the agency's highest priority program activity. We have a combined staff of seven full-time equivalent positions located in headquarters and the regional

offices. In addition, selected DEQ staff serve as after- hour duty officers to enable around-the-clock response capability for managing oil and hazardous substance spills throughout the state.

To support the program, DEQ, in cooperation with the Department of Administrative Services and other state agencies, is negotiating with NRC Environmental Services, who is the successful bidder for the Emergency Response/Time Critical Removal of Oil and Hazardous Materials statewide price agreement. This is a five-year service agreement.

NRC Environmental Services is also the current state contractor. DEQ and other agencies use the state's contractor whenever a spill of oil or hazardous substances requires state response actions if the party responsible for the spill cannot be identified or is otherwise unable to respond. The contract also allows for time-critical removal actions if the responsible party is unknown, unwilling or unable to conduct actions needed to protect public health and the environment.

We are happy to present additional information to EQC on the state's spill prevention and emergency response programs if there is interest.

Total Dissolved Gas

On January 9, 2009, DEQ received a request from the U.S. Army Corps of Engineers to issue a waiver of Oregon's 110 percent total dissolved gas water quality standard. The waiver is for the four lower Columbia River dams (Bonneville Dam, The Dalles Dam, John Day Dam and McNary Dam) to assist in the fish passage of out-migrating threatened and endangered salmon and trout.

The U.S. Army Corps of Engineers has been facilitating fish passage on the Columbia River since 1994. The current waiver will expire on August 31, 2009. The U.S. Army Corps of Engineers is requesting a new five-year total dissolved gas waiver from 2010 to 2014 before the next fish passage spill season, which begins April 1, 2010.

DEQ conducted a 30 day public comment period for the U.S. Army Corps of Engineers' request and received four comments. Each of the four comment letters supported the requirements of the proposed waiver. DEQ's proposed waiver requires fish passage spill to be managed to 120 percent in the tailrace and for biological monitoring to occur during the duration of the fish passage spill season. Public comments were received from Save our Wild Salmon; the Columbia Riverkeepers; the Columbia River Inter-Tribal Fish Commission and a State, Federal and,Tribal Fishery Agencies Joint Technical Staff Memo, signed by the Columbia River Inter-Tribal Fish Commission, Idaho Department of Fish and Wildlife, Oregon Department of Fish and Wildlife, Washington Department of Fish and Wildlife, U.S. Fish and Wildlife Service and the Nez Perce Tribe

DEQ is preparing a recommendation to the Environmental Quality Commission for review and possible approval of the proposed waiver at the June meeting.

Toxics Monitoring Program
DEQ received funding from the 2007 Oregon Legislature to establish a long-term program to monitor Oregon's waters and aquatic life for the presence of toxic chemicals posing the greatest risk to human and environmental health. In 2008 we worked collaboratively with stakeholders to determine initial monitoring objectives for the toxics monitoring program. The outcome of that effort was a sampling and analysis plan that focused on measuring a broad suite of 250 toxic pollutants in water at 20 river and major tributary locations throughout the Willamette River Basin. Fish were collected at 11 sites across the basin and fillets analyzed for bioaccumulative pollutants such as metals, legacy pesticides and industrial contaminants. We also looked for current-use pesticides and emerging contaminants of concern such as pharmaceutical and personal care products.

Implementation of the toxics monitoring program began with an initial focus on the Willamette Basin in 2008 however, it is our plan that monitoring for toxic pollutants will be conducted in all major basins in the state on a five-year rotating basis. DEQ's goal is that information from this program will be used by us and local partners to find solutions to decrease the input of toxic pollutants to Oregon waters.

Funding for the toxics monitoring program has allowed DEQ to acquire new instrumentation and develop high-precision analytical techniques. In addition to our work in the Willamette, this investment in our capabilities has also enhanced other monitoring efforts such as our pesticide stewardship and drinking water protection programs. Results from the toxics monitoring program will also inform our assessment of the effectiveness of Oregon's ongoing toxic pollution reduction efforts.

Supplemental Environmental Projects
DEQ's Office of Compliance and Enforcement assesses civil penalties for violations of environmental law. Violators are sometimes given the opportunity to offset the monetary penalties with supplemental environmental projects. These projects must improve Oregon's environment in some way, and are only available to sources that have not been assessed with a serious violation. Violators contributed $24,010 through supplemental environmental projects from January to March, 2009.

The City of Sheridan contributed $3,600 of a $4,500 civil penalty to the Yamhill Basin Council for a streamside restoration project on the South Yamhill River. The project will remove noxious weeds, plant native trees and shrubbery and remove trash to provide bank stabilization in order to reduce erosion and provide shade for cooler water temperatures that benefit native trout. The total project cost is $6,975 and is scheduled for completion in spring 2010.

The City of Salem contributed $1,920 of a $2,400 civil penalty to the North Santiam Watershed Council for in-stream and streamside restoration projects to improve native fish habitat. The council's total project is valued at $112,000 and is scheduled for completion in September 2009.

LDN Construction contributed $5,280 of a $6,600 civil penalty to Cascade Sierra Solutions to assist independent owners and operators to upgrade their semi-trucks to clean diesel technology, greatly reducing diesel particulate and greenhouse gas emissions.

Oregon State Parks and Recreation is spending $770 at Beverly Beach State Park for streamside restoration to replace non-native vegetation with native vegetation along Spencer Creek. The project, which will reduce erosion and provide shade to improve habitat for aquatic species, is scheduled for completion in October 2009. Their original civil penalty was $675.

Kinzua Resources is partnering with the City of Pilot Rock by contributing $1,120 of a $1,400 penalty for a community improvement project valued at $968,831. The project provides new trees and shrubbery along the Highway 396 corridor near the Kinzua mill to reduce dust and noise and to provide shade, reduce temperatures and provide wildlife habitat. The project is scheduled to be completed spring 2010.

The City of Seaside contributed $4,600 to the North Coast Land Conservancy for a riparian zone restoration along Neawama Creek to remove invasive plants and replant with native vegetation. The project is due to be completed September 2009.

C25 Group contributed $6,720 to Cascade Sierra Solutions to assist independent owners and operators to upgrade their semi-trucks to clean diesel technology, greatly reducing diesel particulate and greenhouse gas emissions. The funds are projected to be spent within one year.

Lehman Hot Springs
On April 7 DEQ's Eastern Region office issued a public health warning in Umatilla County because a sewage lagoon at Lehman Hot Springs, in the Blue Mountains near Ukiah, was overfull. The effluent was seeping over the lagoon liner and into the earthen dike, saturating the soil and creating the risk of a breach. Effluent was also likely entering Warm Springs Creek which is a tributary to Camas Creek and eventually flows into the North Fork of the John Day River. The system is designed to be non-discharging and we required the owner to immediately begin pumping and hauling effluent from the facility to the town of Ukiah's treatment plant to bring the level down below. We also required that the owner have the dike inspected for structural integrity by an independent engineer.

We have had compliance problems with the facility for many years and have been unable to compel the owner to stay in compliance through our normal civil penalties. We have worked with the Umatilla County District Attorney, the Department of Justice and the Circuit Court all without a final resolution of the problems at Lehman. We are now asking for assistance from the EPA Civil Enforcement Division and the U.S. Attorney's Office.

Oregon Way
I was selected to be the co-chair of the new Oregon Way Advisory Group, with Wally Van Valkenburg, Managing Partner of the Portland office of Stoel Rives LLP. The Oregon Way

project was created through an executive order by Governor Kulingowski to respond to the federal stimulus funds. As co-chair, I will work with the advisory group to identify, develop and evaluate Oregon Way projects using criteria designed to create both short-term and long-term benefits to Oregon. The criteria include, but are not limited to: immediate job creation; use of Oregon companies; promote renewable energy, carbon reduction and sustainable development; potential to incorporate green job training opportunities; use of innovative green technologies; and, showcase Oregon's commitment to sustainability to attract more federal dollars. I will keep the commission informed of projects and updates as we progress in the planning and meeting process.

Stimulus Funds

DEQ will receive federal Recovery Act funding to a variety of programs, most of which will be immediately disbursed for loan and cleanup money. The Clean Water State Revolving Fund loan program is slated to receive about $45 million, and this funding has specific requirements for green projects and very favorable interest and repayment options for borrowers. Almost $450,000 is projected to come in for water planning projects, and we are set to receive up to $2.8 million to protect human health and the environment by cleaning up petroleum leaks from underground storage tank sites. An additional $1.7 million is expected for state clean diesel funding, and we plan to apply for approximately $3.25 million in competitive diesel grant funds under the National Clean Diesel Funding Assistance Program. DEQ may receive additional funding for grants related to brownfield cleanups and is awaiting information from EPA on how funding for these projects will be administered.

We have launched a new Web site to comprehensively outline the stimulus funds and how DEQ will disburse them for the various programs.
http://www.deq.state.or.us/recovery/stimulusFunding.htm

Oregon Environment

Earlier this month we launched our first quarterly eNewsletter, Oregon Environment. The newsletter, which I believe you all received, gives an overview of our current high profile projects and provides consumer tips for protecting the environment. The purpose of the newsletter is to inform and draw readers to our website for more information. A quick check of web statistics shows us that we upped visits to pages with links featured in the newsletter. For example our daily page views of economic stimulus funding information jumped from 50-60 per day to 200 per day, and for the eCycles program from 250 a day to 600 a day following the release of the newsletter. In addition to the newsletter, the communications staff plans the launch of a customized carbon footprint calculator designed by UC Berkeley in early June. Our land quality staff is working with the university on the customization of the calculator.

Climate Change Updates

Climate change has emerged as a major legislative issue at the state and federal levels, and our Air Quality Division staff members have been working with local and national stakeholders on a variety of projects and legislative amendments and bills.

- **EPA endangerment finding**

In *Massachusetts v. EPA*, April 2007, the U.S. Supreme Court ruled that EPA was required to consider whether CO_2 and other greenhouse gases pose a danger to public health or welfare. EPA's draft finding is currently under review by the Office of Management and Budget, and it is expected that EPA administrator Lisa Jackson will publicly issue the finding in April, paving the way for federal regulation of global warming pollution.

- **National Legislation: American Clean Energy and Security Act of 2009**

Representative Henry Waxman of California and Representative Ed Markey of Massachusetts have released their 648 page draft bill addressing renewable energy, energy efficiency and global warming. The bill's main proposal for combating global warming is a national cap and trade program affecting facilities with emissions over 25,000 tons per year. Overall, the bill aims to reduce greenhouse gas emissions 20 percent below 2005 levels by 2020, and 83 percent below 2005 levels by 2050.

The cap and trade proposal is modeled closely on a proposal by the U.S. Climate Action Partnership, a coalition of large utilities, oil companies, chemical companies, auto manufacturers, and energy companies and a few national environmental groups. Several important details remain to be worked out, foremost of which is how to distribute allowances and auction proceeds.

The draft bill contains a six-year moratorium on state or regional cap and trade programs, but would not affect states' ability to regulate non-capped sources. States are seeking clarity on whether the bill would allow additional state regulations for sources covered by the federal cap and trade program.

The draft bill would also establish EPA programs to reduce emissions of two additional contributors to global warming, hydrofluorocarbons and soot. Hydrofluorocarbons have replaced ozone-depleting chemicals for refrigeration and air conditioning, while soot is a product of incomplete combustion. Offsets would be limited to two billion tons per year, and the EPA would be directed to enter into international agreements preventing deforestation in order to achieve reductions equivalent to 10 percent of 2005 emission levels by 2020. The draft contains $10 billion for research into carbon capture and sequestration, but no other specific dollar amounts for renewable energy research at this point.

Hearings in subcommittee begin next Monday, April 20. Chairman Waxman hopes to get bill out of committee by Memorial Day.

- **Oregon Cap and Trade Legislation (Senate Bill 80)**

This bill was originally intended to authorize the EQC to adopt a greenhouse gas cap and trade program. A hearing was held on February 5, at which Governor Kulingowski testified. The bill has now been amended to take a different approach, requiring various state agencies to develop plans to reduce greenhouse gas emissions from the utility, transportation and industrial sectors.

Additional hearings were held on April 9 and 14. This bill will likely continue to change, and its fate is very uncertain.

- **Greenhouse Gas Reduction Measures (House Bill 2186)**

This bill would authorize the EQC to adopt a low carbon fuel standard, reduce greenhouse gas emissions from cars and trucks and reduce high potency greenhouse gases contained in consumer and commercial products. Hearings were held on February 3 and 10, after which DEQ Air Quality Division staff held numerous stakeholder meetings to develop extensive amendments. The bill was scheduled for another hearing on April 16, and could possibly be voted upon then. The bill is very controversial, and its fate is uncertain.

- **Oregon's Low Emission Vehicle Program**

In 2006, you adopted rules requiring all new cars and light duty trucks sold in Oregon to meet California's stricter emission standards for smog-forming pollution as well as greenhouse gas emissions. The rules took effect with the 2009 model year, and will reduce greenhouse gas emissions from new light-duty cars and trucks 30 percent by 2016. We are now halfway through the first year and can report the program has had a smooth beginning and a high level of compliance. The good compliance is due in large part to a 2007 law that requires new vehicles to meet the emission limits in order to be registered by the DMV. It is also due to auto manufacturers' diligence in providing the correct vehicles to Oregon.

The most significant issue facing the new program is EPA's initial denial of a preemption waiver for the greenhouse gas limits. Approval is necessary before the greenhouse gas portion of the program can be enforced. EPA is currently reviewing the earlier decision to deny the waiver, and we expect approval of the waiver in the coming months.

DEQ will propose rule amendments to the low emission vehicle program early next year. Rule adjustments are needed to respond to advances in plug-in hybrid vehicle technology and to maintain consistency with changes in California's rules.

- **Greenhouse Gas Emission Reporting**

Oregon's greenhouse gas reporting rule will require approximately 130 facilities will be required to report their 2009 emissions. These companies hold existing air quality permits and emit over 2,500 tons per year of greenhouse gases. Companies began keeping records on January 1, 2009, and the first reports will be due in March 2010. We are working with the Western Climate Initiative to develop reporting protocols the companies will use in their reports.

Beginning in 2010, the number of companies subject to reporting may increase to over 200. This will include landfills and wastewater treatment plants with emissions over 2,500 tons per year. If approved by the Legislature, it will also include fuel distributors and electricity importers. We are requesting additional staff to implement the program, with funding provided by a new reporting fee. Legislation to authorize this is slowly progressing.

In addition to state-level reporting, EPA has proposed a national greenhouse gas reporting rule. EPA's proposed rule applies to facilities that emit 25,000 tons per year or more, which is 10

times higher than Oregon's reporting threshold and covers about half of the facilities required to report in Oregon. While the federal rule does not preempt state reporting, these large facilities would report directly to EPA. States and EPA are discussing implementation issues, including program delegation and data verification.

State of Oregon
Department of Environmental Quality Memorandum

Date: March 18, 2009

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda Item D, Informational Item: 2009 Budget and Legislative Agenda Update
April 17, 2009 EQC Meeting

Purpose of Item The purpose of this agenda item is to provide an update to the Environmental Quality Commission on the status of the Department of Environmental Quality's 2009-11 Governor's Request Budget. This presentation includes updates on agency bills and other bills affecting DEQ, and key budget development issues for 2007-09 and 2009-11.

Background DEQ staff presented an update on DEQ's budget policy packages and legislative concepts for the 2009 legislative agenda at the February EQC meeting. At that meeting, DEQ provided an update regarding the recently released February 20 revenue forecast for the General Fund and Lottery.

2009 Legislative Session

The 2009 Legislative Session started on January 12, 2009. On February 20, the latest revenue forecast was released showing declines in state funds. The General Fund and Lottery Fund revenues found in this forecast are the basis for the agencies' Ways and Means budget discussions for 2009-11. DEQ's Ways and Means presentations are tentatively scheduled to begin April 7.

EQC Involvement DEQ plans to bring updates on the status of the 2009 bills and budget request to each EQC meeting during the 2009 Legislative Session.

Approved:

Section:

Report Prepared By: Gregory K. Aldrich
Phone: (503) 229-6345

DEQ's 2009-11 Legislative Agenda
April 17, 2009 EQC Talking Points

Brief Presentation Outline

- Purpose:
  - Legislative Agenda Timeline
  - 2009-11 Budget Status
    - 30% Reduction Options
    - Ways and Means Update
  - Status of Legislation
  - Annual Financial Report

Legislative Agenda Timeline Update:

- Review timeline -
  - January 12 - 2009 Legislative Session began
  - April 8 – Start of DEQ Ways and Means Presentations
  - April 15 – DEQ Public Testimony at Ways and Means
  - April 17 – Release of Ways and Means Co-Chairs Budget
  - May 15 Revenue Forecast
  - Late May/early June – DEQ Budget Work Session
  - June 30 - Sine Die?

2009-11 Budget Status
(2-color handout)

Funding gap for 2009-11 – now estimated to be $4.4 Billion less compared to original assumptions

Quick Overview of Budget (top of handout):

- 2007-09 Legislative Approved Budget
  - True impact is now $8.3M less

- Governor's Recommended Budget (GRB):
  - From a more 'optimist time'
  - Full budget: $298M vs. $346M
  - Operating budget: $194M vs. $216M
  - FTE: 797 vs. 807

- Review of Approved Policy Packages
  - 3 GF Packages
  - 1 FF Package
  - 14 OF Packages (fees or revenue transfers)
  - Support a number of DEQ bills

30% Reductions for 2009-11:
(factsheet and large spreadsheet)

10 Percent Reduction Options:

- Governor is required to submit two budgets to the Legislature
  - Standard, balanced budget
  - Balanced budget at 90% funding levels
- 10% Reduction Options represent "budgetary reductions" offered by each agency.
- Reduction Options must be developed for all fund types – GF, LF, FF, OF
- Focus is on the GF reduction options, as these funds are readily transferable to other programs and agencies.
- LF are also transferable, but have more limitations on how funds can be spent
- FF and OF tend to be restricted to specific programs or activities, thus are not typically transferable

- Review of Reduction Options Taken in GRB ($3.1M)
  - Only GF was taken
  - Took everything but the Groundwater Program
  - Also took extra $300,000 from the Diesel Grant Funds
  - Restored one LF position for the TMDL program

Rest of the Reduction Options:

- LFO originally asked for 20% reduction options by December 1, 2008;
- Co-Chairs asked for 30% as funding gap grew
- Original budget asked for 10%; GRB took **$3.1 M** out of $**4.3 M** of GF
- DEQ provided first 10% and is now offering up to 30%; total of **$12.4 M** of GF
- DEQ has offered **$1.7 M** in LF; none was taken in GRB
- These additional 2009-11 reduction options were reviewed and discussed at DEQ Ways and Means presentation this week.

And More:

- Up to 24 furlough days ~ 4.5% pay reduction (impact not included) – details are under discussion
- Rollback of top salary step implemented 7/1/08 for managers and discussion of rollback of new top salary step (scheduled 6/30/09) for represented staff.
- Freeze merit (annual salary step) increases.

Update on DEQ Ways and Means Presentation
(testimony provided at Ways and Means)

Ways and Means Statewide Public Hearings
(press release)

Status of Legislation:
(2-color handout)

Next Steps:

Next EQC meeting – June 2009

- Session Updates
  - Status of legislation
  - Status of budget and Ways and Means process
- Status of revenue forecasts and affects on reductions

Questions?

Annual Financial Report:

For the record, I'm Jim Roys, DEQ budget manager.

The purpose of this agenda item is:

1. Present the 1st Annual Financial Report to the EQC
2. Review the highlights of the report
3. Seek comments and suggestions for future reports

As a reminder, the Annual Financial Report is intended to assist the Commissioners in performing their annual self-assessment of 3 financial performance measures included in the 15 best practices measures adopted by the commission.

As a quick reminder, those measures are:

9. The commission periodically reviews key financial information and audit findings.

10. The commission is appropriately accounting for resources.

11. The agency adheres to accounting rules and other relevant financial controls.

In addition to the 3 financial measures I've already discussed, measure 8 requires the Commission to approve the agency's budget.

Timing of the budget cycle requires Commission approval of the Agency's budget submittal in August of even number years

DEQ is proposing that the annual financial report be delivered around February of each year to provide for regularly timed appearances before the commission on budget and finance matters.

In August of odd number years, the Agency can debrief the results of the legislative session and budgetary impacts for the biennium that will have just started.

That schedule provides at least 4 EQC discussions on budget/financial matters each biennium. During extraordinary times, the department will be communicating with the commission more frequently, as we have over the past year.

The Annual Financial Report contains an executive summary and three basic sections:

- Audits
- Compliance

- Key Financial Information

Executive Summary – Page 2, summarizes:

- **audit findings** – generally good audit results, suggested improvements underway. I'll discuss in more detail later, and our new accounting manager, Dolores Passarelle, is available for any questions.

- **The State Economic Forecast** – covered in update in our earlier presentation

- **Key financial information** - Overall the agency continues to properly manage the 50+ operating subprogram units, with 12 activities rated as yellow or cautionary, and none as red.

  Considering the rapid deterioration of the economy in the past 9 months and the funding cuts, these results are a testament to the efforts of the management and staff of the affected areas to rapidly adjust to changing revenues and workloads to mitigate the impacts

Looking at a little higher level of detail:

Audits on Page 5:

Completed audits

1. **Secretary of State Annual Statewide Financial Audit 2008**
   - No major findings or reportable conditions.
   - Cash handling controls were an improvement area and the Accounting Department is currently working on that issue.
   - The Audit also recommended that the Agency perform an Information Technology Risk Assessment, which has .
2. **Secretary of State Lottery Funds Audit**
   No major findings or reportable conditions.
3. **Secretary of State Audit of Capitalization Grants for the Clean Water State Revolving Fund**
   Corrective actions from the prior audit in the areas of environmental review and public notice documentation were assessed to be only partially complete. Department is working to complete the required corrective actions.

Audits Underway

1. **Identify Theft Risk Assessment.** To determine risks and vulnerabilities for potential theft or disclosure of personal identity information.
   - The audit is completed

- DEQ Internal Audit Committee will review the report at its April 16, 2009 meeting and determine how to prioritize and manage the risks.

2. **Identify Theft Risk Assessment, VIP.** Audit of the protection of customer personal identity information processed through VIP will be complete as of June 30, 2009.
   - DEQ Internal Audit Committee will finalize FY09 Audit Report before November 1, 2009.

3. **Secretary of State Opinion Audit of Financial Statements and Internal Controls for Capitalization Grants for the Clean Water State Revolving Fund for FY2008.**
   - SRF audit discussed in the completed section above was for operational issues, this audit is for finance and internal controls.

Audit Plan for FY2010 and Beyond.

1. **Secretary of State Annual Statewide Financial Audit for the year ending June 30, 2009.**

2. **Secretary of State Lottery Funds Audit for 2007-09 Biennium.**

3. **Information Technology Risk Assessment.** In response to the FY 2008 Secretary of State annual statewide financial audit.

4. In addition to recurring scheduled audits by the Secretary of State's office, the DEQ internal audit committee is currently working to select audits for FY2010. The audit selections will be included in the next annual financial report to the EQC.

Turning to Page 7, we briefly cover **Compliance and Monitoring** activities conducted by the Agency's Accounting, Budget, and Human Resources sections on an ongoing basis.

The section mainly covers how we do business, the results can be seen in the audit and key financial information sections

Page 8 starts the **key financial information**, provided in two reports for each program:

1. **Stoplight Charts** – see page 10 for the AQ example. Summarizes projected end of biennium balance and assess each subprogram unit:

   a. green (good)
   b. yellow (caution)
   c. red (danger, requires action)

   - Subjective rating to alert management to activities requiring extra attention
     - Operating subprogram forecasted w/ a deficit is always at least cautionary (yellow)

- Activities fully funded by other funds consider minimum balances for cash management purposes
- Positive ending balance can still merit yellow or red assessment

- DEQ procedure is to increase monitoring frequency on red rated subprogram units
  - forecasts every 3 months instead of the usual 6-month interval.
- Far right – impact of the forecast ending balance on the subsequent biennium budget

2. Following the summary stoplight charts, more detailed reports, see page 11 for the AQ example.

- Each operating subprogram unit, details of :
  - Revenue
  - Personal Services – Salaries and Benefits
  - Services and Supplies – Rent, Travel, Training, Contracts, Other Services, Supplies
  - Capital Outlays – For major equipment purchases in excess of $5,000.
  - Special Payments – pass-throughs to other organizations for services they provide
  - Indirect
  - FTE
- Across the columns
  - Legislative adopted budget
  - Operating budget execution plan
  - Forecast of expected revenues and spending
    - Data thru December 2008
- Variances between the operating plan and forecast.
  - variance data is presented from a financial framework, with negative variances being financially bad, and positive variances being financially good.
  - Doesn't assess the programmatic impacts of the financial results – having key positions vacant may create a positive financial variance in the report but may also have a negative impact on the unit's ability to deliver services.

- Don't summarize or total for an entire program. Restrictions on shifting revenues and use of funds can make looking at a total program misleading.

- Estimated effects of the economic downturn incorporated into the forecasts, including the disappropriation of GF for the current biennium and the revenue sweeps.

- Operationally, we continue to maintain an overall sense of caution awaiting the results of the May 2009 forecast.

I would now propose to quickly review each program stoplight chart only.

Page 10 – AQ

- All subprograms operating in limits.
- The VIP balance includes the $2M revenue sweeps.

Page 14 – WQ

- **WQ Monitoring, WQ Program Support** – Needs increased detail on the effects of allocated costs for next biennium's operating plan development.

- **401 Certifications, UIC, and Laboratory Certification** – On going concerns with fee revenue inflow uncertainty and workloads.

- **On-Site Systems Permitting** – Significant reduction in work and fee collections due to the impact of the economy of new home construction.

Page 20 – LQ

- Handful of yellow subprograms requiring continued attention.

- Stoplights principally assess 2007-09. Impacts of potential 30% GF reductions may shift Orphans/HW assessment early in 2009-11.

Page 24 – Cross Program and page 26, AM

- No notable issues

That wraps up my presentation of the 1st Annual Financial Report to the Commission. For 2007-09, the Department expects to end the biennium without having significant layoffs or serious fiscal difficulties that can't be addressed. The impact of the recession on the Department during the 2007-09 biennium was mitigated by the Department's caution in fully implementing its budget, the hard work of program staff and managers, and by the recession only impacting Department funding for latter part of the biennium.

- Unfortunately, the on-going impact of the recession in the 2009-11 biennium is expected to be much worse.
- The economy shows no signs of having bottomed out, and Oregon unemployment is accelerating faster than the national rate.
- In recent recessions, Oregon has taken longer to recover than the nation as a whole.
- The State Economist's February 2009 forecast points to significant general fund reductions in 2009-11, and the consensus is that the May 2009 forecast will be worse.

All of this points to the 2009-11 biennium being significantly more difficult for the department in terms of staff and layoffs, continuing to deliver important services and managing our finances.

Much of what you see in the annual financial report has been utilized at DEQ for the past 10 years as part of a structured approach to managing our financial, accounting, and budgeting processes. These tools have been successful in communicating with our executive management team and managers in the various programs, but I'd like to get your inputs if you believe this information is useful for the commission in evaluating the financial performance measures.

- Is the information too general, too specific, or about the right level?

Did we miss any information you would be interested in, from a financial perspective?

State of Oregon
Department of
Environmental
Quality

2009 Legislative Proposals and 2009 – 2011 Governor's Recommended Budget

2009-2011 GOVERNOR'S RECOMMENDED BUDGET

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	23,091,569	37,856,722	38,511,854
Lottery Funds	3,779,400	5,019,593	6,056,344
Other Funds	108,485,888	125,205,587	145,399,205
Federal Funds	35,360,617	30,656,615	31,199,678
Other Funds (Non-limited)	132,621,178	99,261,427	124,595,548
Federal Funds (Non-limited)	0	0	0
Total funds	303,358,617	297,999,944	345,762,629
Positions	804	826	838
Full-Time Equivalent	773.89	797.31	807.28

2009 LEGISLATIVE PROPOSALS

Bill #	Title: Purpose
SB 80	**Establishes a cap-and-trade program to reduce greenhouse gas emissions.** Includes a process for program development and deadlines for rules, legislative reporting and approval. Expands greenhouse gas reporting and sets fees to cover administration costs.
SB 102	**Requires statewide removal of old, high polluting and uncertified wood stoves when a home sells.** Allows the Environmental Quality Commission to set standards for new woodstoves and other wood burning devices. Clarifies that trash, garbage and other prohibited materials may not be burned in the home.
SB 103	**Establishes a less costly alternative to traditional air permits for small businesses to comply with new air quality permitting regulations.** Establishes a registration fee to pay for program implementation.
SB 104	**Technical correction to 2007 legislation that provides for Consumer Price Index (CPI) increases to Title V fees as originally intended.** Removes the every two years requirement for establishing fee schedules and clarifies the CPI calendar year period.
SB 105	**Increases maximum penalty amounts for noncompliance with pollution control laws.** Many maximum penalties limits have not been increased since 1973.
SB 5505	**State bonding bill**
SB 5521	**DEQ budget bill**
HB2183	**Phases out field burning in the Willamette Valley by 2011**. Allows emergency burning in extreme hardship; increases fees; gives the Environmental Quality Commission authority to restrict field burning in counties outside of Willamette Valley if needed to implement the Clean Air Act, improves smoke management coordination.
HB 2184	**Revises Oregon's beverage container return law, based on recommendations of the Bottle Bill Task Force established by the 2007 Legislature**. Increases deposit to 10 cents in 2011; adds container types in 2013; and establishes a return rate goal in 2015.
HB 2185	**New fee table for 401 Water Quality Certifications for removal/fill projects**. Removes existing statutory exemptions for types of removal/fill projects that require a 401 certification and fee, and adds a new fee table.
HB 2186	**Authorizes the Environmental Quality Commission to adopt targeted strategies to reduce greenhouse gas emissions from key source sectors when safe, cost-effective alternatives are available.** Priority sectors are transportation fuels (establishes a low carbon fuel standard), large engines (reduces idling and retrofits vehicles), and high greenhouse gas emitting commercial products (such as refrigerants). Compliments SB 80 (Cap-and-Trade).

Oregon Department of Environmental Quality

POLICY OPTION PACKAGES

#	Title: Purpose
110	**Climate Change: Greenhouse Gas Reduction.** Provides resources to develop and implement greenhouse gas reporting, a cap-and-trade program and other greenhouse gas reduction measures and incentives. Adds 10 positions (7.75 FTE). **Funding: $1,183,869 GF; $1,151,668 OF**
114	**Implement New Federal Air Toxics Requirements.** Provides resources to work with the approximately 2,600 newly regulated sources that will be required to comply with new federal National Emission Standards for Hazardous air Pollutants. Adds 9 positions (6 FTE). **Funding: $872,297 OF**
116	**Clean Air Transportation Collaborative.** Provides funding for DEQ and Lane Regional Air Protection Agency to evaluate air quality issues and plan construction, public highways, roads and streets to avoid or minimize air quality impacts. Adds 4 positions (3 FTE). **Funding: $560,083 OF**
117	**Field Burning and Smoke Management.** Provides resources to implement HB 2183, including field burning rule development. Allows DEQ to recommend improvements to interagency coordination of smoke management programs. Adds 1 position (1 FTE). **Funding: $172,683 GF**
119	**Complete Title V Staffing Phase-in.** Restores a regional engineering position, as agreed to in the 2007 fee increase negotiations, to allow permitting work to continue in a timely manner and to assure that facilities comply with permit requirements. Restores 1 position (1 FTE). **Funding: $177,432 OF**
121	**Ongoing Implementation of SB 737: Priority Persistent Pollutants.** Continues 2 positions (0.75 FTE) through June 2010 that are funded by a 2-year surcharge. **Funding: $182,917 OF**
123	**Drinking Water Protection.** Continues 6 federally-funded positions (5.5 FTE) to implement drinking water protection strategies. **Funding: $1,084,733 OF**
124	**Clean Water State Revolving Fund**: Adds 4 new positions (4 FTE) to help municipalities with infrastructure needs and conduct EPA-required work for the program. **Funding: $658,018 OF**
126	**Coastal Beach Bacteria Monitoring:** Continues 2 federally-funded positions (1.2 FTE) to monitor bacteria levels at Oregon's beaches. **Funding: $216,197 OF**
127	**Water Quality 401 Project Certification:** Supports timely water quality review and technical assistance for removal/fill projects in rivers, lakes, streams and wetlands. Adds 1.5 FTE and restores 1.4 FTE (4 positions) on fees. **Funding: $509,355 OF**
132	**Product Stewardship for Waste Products.** Provides two positions to help DEQ develop product stewardship policy and to work with stakeholders to draft framework legislation for the 2011 session. 2 positions (1.83 FTE). **Funding: $277,890 OF**
140	**Information Management Infrastructure.** Adds an information services position (1 FTE) to help DEQ maintain current information systems and keep up with constantly evolving technologies. **Funding: $210,305 OF**
150	**Environmental Information Exchange Network.** Continues 3 federally funded positions (3 FTE) for the National Environmental Information Exchange Network. **Funding: $564,895 FF**
162	**Water Quality Review for ASR Projects.** Allows DEQ to ensure that aquifer storage and recovery and aquifer recharge projects improve water quality and work with WRD to develop a comprehensive water supply and quality strategic plan for Oregon. Add 2 positions (2 FTE). **Funding: $401, 851 GF**
166	**Restore Onsite Septic System Program.** Restores 2.5 positions (2.5 FTE) responsible for technical work necessary to process applications in the 2009-11 biennium. **Funding: $ 522,035 OF**
181/191	**Clean Water SRF: Bond Debt Service & Loans and Bonds.** Reauthorize bonds to leverage up to $45 million in federal funds to provide low-interest loans for community clean water projects, including wastewater treatments systems.

Fact Sheet

2009-11 Budget Reductions

Background

As part of the biennial budget development process, Oregon law requires state agencies to submit options in their proposed budgets to lower their current budgets by up to 10 percent. The Governor's Recommended Budget took into consideration the concurrent economic condition and reflects a 7.5 percent general fund reduction for DEQ.

After Governor Kulongski submitted his recommended budget, the Legislature asked state agencies to submit additional reduction options based on worsening economic conditions. Between the governor and the Legislature, reduction options equating to 30 percent of general and lottery funds have been prepared and submitted.

Since the Governor's Recommended Budget already reflects a 7.5 percent reduction, the Legislature is evaluating additional reduction options as they make decisions on DEQ's budget for the coming biennium.

Reduction options taken in the 2009-11 Governor's Recommended Budget

The 2009-11 Governor's Recommended Budget reflects the elimination of approximately 7.5 percent, or $3.1 million, of current DEQ activities supported by General Fund.

Air Quality

- Lane Regional Air Protection Agency (LRAPA) funding
  (0 FTE, $73,690 General Fund)
- Local government outreach
  (0 FTE, $41,450 General Fund)
- Small business assistance
  (0.5 FTE, $132,000 General Fund)
- Clean diesel grants
  (0 FTE, $606,045 General Fund)
- Clean diesel outreach
  (2 FTE, $458,000 General Fund)
- Ozone and fine particulate monitoring
  (1.5 FTE, $308,000 General Fund)
- Fine particulate planning
  (1 FTE, $182,000 General Fund)
- Eliminate one air toxic monitoring site
  (1 FTE, $218,000 General Fund)

Water Quality

- Oregon Plan biomonitoring program
  (4 FTE, $860,888 General Fund)

Land Quality

- Hazardous waste inspection reduction
  (1 FTE, $264,000 General Fund)

Further Budget Reduction Options

The Legislature is also considering the following DEQ budget reduction options.

Air Quality

- Eliminate support for regional air quality modeling center
  (0.0 FTE, $ 205,660 General Fund)
- Eliminate General Fund diesel grants
  (0.0 FTE, $ 421,995 General Fund)
- Reduce support for Lane Regional Air Protection Agency
  (0.0 FTE, $ 57,895 General Fund)
- State air permitting (ACDP)
  (2.5 FTE, $ 574,898 General Fund)
- Air toxics outreach
  (.50 FTE, $ 101,961 General Fund)
- Eliminate second air toxic monitoring site
  (1.0 FTE, $ 249,159 General Fund)
- Air quality emission inventory
  (1.0 FTE, $ 214,462 General Fund)
- Air quality enforcement
  (.50 FTE, $120,612 General Fund)

Water Quality

- Communications and outreach
  (1.0 FTE, $223,014 General Fund)
- Water quality program support
  (1.0 FTE, $149,284 General Fund)
- Wastewater permitting (stormwater)
  (5.5 FTE, $985,426 General Fund)
- Water quality toxics monitoring support
  (3.59 FTE, $694,249 General Fund)
- State water quality permitting (WPCF)
  (2.0 FTE, $482,355 General Fund)
- Willamette TMDL implementation
  (4.0 FTE, $1,046,224 General Fund)
- Reduce groundwater protection program
  (4.0 FTE, $891,993 General Fund)
- Water quality enforcement
  (1.0 FTE, $229,094 General Fund)
- Reduce TMDL development and implementation
  (6.0 FTE, $1,666,794 Lottery Fund)

Land Quality

- Shift hazardous waste policy FTE to fees
  (0 FTE, $257,396 General Fund)
- Hazardous waste program management
  (1 FTE, $298,247 General Fund)
- Shift additional hazardous waste FTE to fees
  (0 FTE, $240,917 General Fund)
- Hazardous waste technical assistance
  (1.0 FTE, $256,968 General Fund)
- Hazardous waste data management and development
  (1.0 FTE, $256,968 General Fund)
- Hazardous waste enforcement
  (.50 FTE, $121,018 General Fund)
- Orphan site cleanups
  (0 FTE, $957,000 General Fund)

The Legislature will decide on DEQ's 2009-2011budget after the State's next economic forecast in May 2009. Prior to selecting the final reduction options and finalizing DEQ's budget, the Legislature may ask the DEQ to develop different or additional options for consideration.

Alternative formats

Alternative formats (Braille, large type) of this document can be made available. Contact DEQ's Office of Communications & Outreach, Portland, at (503) 229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696.

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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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By: Melissa Aerne

Testimony provided at Ways & Means
Natural Resources Subcommittee hearing on April 15, 2009

Armand Minthorn
Board of Trustees Chairman, Confederated Tribes of the Umatilla Indian Reservation

Kathleen Feehan
Confederated Tribes of the Umatilla Indian Reservation

Kathryn Van Natta
Northwest Pulp and Paper Association

Chris Hagerbaumer
Deputy Director, Oregon Environmental Council

Evan Manvel
Representing Oregon League of Conservation Voters

Bill Carpenter
Chair, Lane Regional Air Protection Agency Board of Directors

Merlyn Hough
Director, Lane Regional Air Protection Agency

Kevin Downing
Representing American Federation of State, County, and Municipal Employees

Doug Drake
Representing American Federation of State, County, and Municipal Employees

Mike Dewey
Representing Waste Management, Inc.

Sue Marshall
Representing Tualatin Riverkeeper and Columbia Riverkeeper

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Commissioner, Tillamook County

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President and CEO, Cascade Policy Institute

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League of Women Voters of Oregon

Kim Cox
Environmental Intergovernmental Relations
City of Portland - Bureau of Environmental Services

Brock Howell
Advocate, Environment Oregon

Travis Williams
Executive Director, Willamette Riverkeeper

Provided written but not verbal testimony:

Mark Landauer
Representing Special Districts Association of Oregon

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NEWS RELEASE

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January 23, 2009

Ways and Means Public Hearings Planned in Eight Cities Across Oregon

Budget Information Now Available at www.Oregonbudget.gov

(SALEM) – Senator Margaret Carter and Representative Peter Buckley -- co-chairs of the Legislature's Joint Ways and Means Committee – announced today they will hold eight public budget hearings around the state over the last two weeks of April.

The hearings will begin in Lincoln City on April 20 (see full schedule below) and will include stops in Pendleton, Ontario, Portland, Bend, Eugene and Ashland, as well as a hearing at the State Capitol where participants from Hood River will be able to participate via video conferencing.

Members of the committee will also stop in Klamath Falls during their drive from the Bend hearing on April 29 on their way to Jackson County the following day. While there, they intend to fan out across Klamath Falls and meet individually with local citizens as they go about their day.

"We wanted to try something a bit different. So in Klamath Falls, rather that a formal public hearing, we'll walk around town, visiting restaurants, City Hall and local businesses and ask people their opinion on the challenges facing us as we work our way out of this economic recession," said Buckley (D-Ashland). "We want to hear what services are critical to folks in rural Oregon, as well as what matters most to the people in our larger population centers. So please take this chance to come tell us how you feel."

"The budget is not just a collection of spreadsheets. It's a living, breathing document that has tremendous impact on the daily lives of the people our state" Carter (D-Portland) said. "Oregonians from every corner of the state will have the opportunity to let us know what is important to them. From the Pacific to the Snake and from the Willamette Valley to the Columbia River Gorge we bring the budget process to the people we represent."

At each one of the public hearing, attendees will also receive a survey instrument, allowing them to make choices about proposed service cuts, potential revenue increases and other critical budget issues.

Public hearings will be held 5:30 to 8 p.m. in Lincoln City on April 20, Portland from 6 p.m. to 9 p.m. on April 21 and 5:30 p.m. Salem on April 23. The Salem hearing will include testimony from individuals in Hood River and McMinnville, who will go before the committee via video link.

On Saturday, April 25, members of the Joint Ways and Means Committee will be in Pendleton and Ontario to hear from local residents.

The following week, the committee will hold official public hearings from 5:30 to 8:30 p.m. in Bend on April 29 and Ashland on April 30 and a 1 to 4 p.m. hearing in Eugene May 1.

Also this week, Buckley and Carter unveiled oregonbudget.gov, a new simplified internet address where Oregonians can find information on the state budget. The budget information, including proposals for potential service cuts provided by each state agency, was first released last week on the internet website of the Legislative Fiscal Office.

"While the information itself hasn't changed, the new easy-to-remember web address will help more Oregonians connect to the budget process. Anyone in Oregon with a computer and an internet connection can go to www.oregonbudget.gov and see how the state's $4 billion budget deficit will affect them," Carter said.

"This is part of our efforts to have an open and transparent process. We want to make sure everyone knows the numbers we are working with, how we are constructing the budget and how we are responding to the needs and concerns expressed to us by Oregonians," said Buckley. "We want public input. The public hearings and the website are two ways we can meet that goal of openness. We know working our way out of the recession means we need a balanced approach. What we need now is public input on how to achieve that balance."

The schedule is as follows:

Monday, April 20

Lincoln City Cultural Center
540 NE Hwy 101
Lincoln City
5:30 to 8 p.m.

Tuesday, April 21

Portland Community College -Cascade Campus
Auditorium, Moriority Building
705 N. Killingsworth Street
6 p.m. to 8:30 p.m.

Thursday, April 23

Oregon State Capitol
Hearing Room F
900 Court Street NE
Salem
5:30 to 8 p.m.

Including Hood River via video link

Saturday, April 25

Pendleton Oregon National Guard Armory
2100 N.W. 56th Drive
10 a.m. to noon

Saturday, April 25

Ontario Treasure Valley Community College
650 College Boulevard
3 to 5 p.m. (Mountain View or ontario time)

Wednesday, April 29

Central Oregon Community College, Bend
Cascades Hall Room 117
5:30 to 8 p.m.

Thursday, April 30

Southern Oregon University, Ashland
Rogue River Room
Stevenson Union
1250 Siskiyou Boulevard
5:30 p.m. to 8:00 p.m.

Friday, May 1

University of Oregon, Eugene
Prince Lucien Campbell Hall (PLC 180)
1415 Kincaid Street
1 to 4 p.m.

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30% General Fund Reduction Options - Replaces Page 87-89 in Binder

Oregon Department of Environmental Quality

2009 - 2011 Biennium — Agency Number: 34000

Detail of 30% Reduction to 2009-11 Essential Budget Level

1	2	3	4	5	6	7	8	9	10	11	12	13	14	16	
Priority (ranked with lowest priority first)		**Dept. Initials**	**Prgm. or Activity Initials**	**Program Unit/Activity Description**	**GF**	**LF**	**OF**	**NL-OF**	**FF**	**NL-FF**	**TOTAL FUNDS**	**Pos.**	**FTE**	**Impact of Reduction on Services and Outcomes**	
Dept	**Prgm/ Div**														
1	1	DEQ	AQ	LRAPA 2007-09 Partial Implementation Reduction Included as Part of GRB	73,690						$ 73,690	0	0.00	LRAPA would reduce sampling frequency of its only air toxics monitor, putting the data reliability for trend analysis in question. LRAPA would also reduce compliance work and complaint response related to open burning and residential wood heating in the Eugene-Springfield area where PM 2.5 concentrations are close to exceeding the federal standard.	
2	2	DEQ	AQ	Diesel Grant Funds 2007-09 Partial Implementation Reduction Included as Part of GRB	606,045						$ 606,045	0	0.00	Diesel particulate matter ranks in the top three air toxics of concern in Oregon. Cutting 60% of the General Fund grant funding would deminish the public health benefit from diesel emission reduction grants.	
3	3	DEQ	AQ	AQ Local Government Outreach Reduction Included as Part of GRB	41,450						$ 41,450	0	0.00	Reduces funding for local government fine particulate reduction outreach. DEQ support for these former non-attainment areas is a federal requirement of the State Implementation Plan (SIP). Work includes: daily air quality advisories, voluntary woodstove curtailment programs and conducting wood smoke public education activities to reduce emissions. May result in higher fine particulate emissions or in some communities violation of the federal standard.	
	4	DEQ	AQ	AQ Reduce Small Business Assistance 2007-09 Partial Implementation Reduction Included as Part of GRB	132,000						$ 132,000	0	0.50	Reduces most of the technical assistance to small, non-permitted businesses that are not required to comply with the federal Clean Air Act. With only .25 FTE state-wide remaining after this cut, it would lead to more pollution in the environment and a higher health risk to the public.	1st 5%
5	1	DEQ	WQ	Eliminate Oregon Plan Biomonitoring 2007-09 Partial Implementation Reduction Included as Part of GRB	860,888						$ 860,888	4	4.00	DEQ would no longer be able to meet monitoring commitments to the Oregon Plan as part of the Coastal Coho Recovery Plan. This work includes: • Coordination with and training ODFW crews on the collection of temperature data at 21 locations and macroinvertrbrate samples at 160 locations along the coast. • Processing, analyzing and reporting on the information associated with the data collection in the 21 coastal coho population units. • Supporting the collection, analysis and reporting of additional ambient sites on the Oregon coast. • Providing technical assistance to other agencies on related programs that collect water quality and biological data to determine the effectiveness of management activities. • Facilitating macroinvertebrate data processing and analysis from watershed councils. • Participating in the Oregon Plan Core team or Monitoring team meetings.	
6	1	DEQ	LQ	Reduce HW Compliance Inspections 2007-09 Partial Implementation Reduction Included as Part of GRB	264,122						$ 264,122	1	1.00	Reduce HW inspection staff by 1 FTE, or approximately 10%. This would result in: ▪ approximately 26 fewer inspections of regulated generators per year (8 Large Quantity and 18 Small Quantity) and ▪ a reduced ability to respond to complaints (about 10 – 20 fewer complaint inspections)	

30% General Fund Reduction Options - Replaces Page 87-89 in Binder

Oregon Department of Environmental Quality

2009 - 2011 Biennium — Agency Number: 34000

Detail of 30% Reduction to 2009-11 Essential Budget Level

1 Priority (ranked with lowest priority first)	2	3 Dept. Initials	4 Prgm. or Activity Initials	5 Program Unit/Activity Description	6 GF	7 LF	8 OF	9 NL-OF	10 FF	11 NL-FF	12 TOTAL FUNDS	13 Pos.	14 FTE	16 Impact of Reduction on Services and Outcomes	
7	5	DEQ	AQ	Reduce Ozone, Fine Particulate Monitoring Reduction Included as Part of GRB	308,000						$ 308,000	2	1.50	Eliminates new ozone and fine particulate monitoring provided in the 2007-2009 budget. Lost monitors include: All Eastern Oregon ozone monitors at a time when EPA has tightened the standard. Fine particulate monitors in Madras, Redmond, McMinnville and a background site near Klamath Falls. All sites (except the background site) are at risk of exceeding the standard and are likely above the health level of concern. Loosing the background site for Klamath Falls will make develoment of an implementation strategy for this non-attainment area more difficult.	
8	6	DEQ	AQ	Reduce Fine Particulate Planning Reduction Included as Part of GRB	182,000						$ 182,000	1	1.00	Eliminates an Air Quality Planner developing and coordinating fine particulate and ozone reduction strategies and carrying out mandatory CAA requirements for new federal standards. Delays work to develop an air quality plan for returning Klamath Fall's air to healthy levels. Extended violation of the fine particulate standard negatively impacts public health and economic development in the area. Postpones pollution prevention outreach and strategy development in Oregon communities at risk of violating federal standards and slows the implementation of CAA requirements mandated by new standards.	
10	7	DEQ	AQ	Reduce Clean Diesel Outreach 2007-09 Partial Implementation Reduction Included as Part of GRB	458,000						$ 458,000	2	2.00	Reduce clean diesel outreach work aimed at recruiting fleet owners to clean up their diesel engines. Work includes marketing the state's tax credit program, coordinating entities to take advantage of state and federal grant programs, promoting idle reduction strategies and participating in the development of a regulatory program. Diesel particulate matter ranks in the top three air toxics of concern in Oregon. Loss of staff would most likely reduce Oregon's success in obtaining and administering grants.	2nd 5%
11	8	DEQ	AQ	Eliminate 1 Air Toxic Monitoring Site Reduction Included as Part of GRB	218,000						$ 218,000	1	1.00	Eliminate a Medford air toxics monitoring site. Loss of this background site will make interpretation of air toxics data from the population orientated site in Medford more difficult. Long term, DEQ would move this site to other communities with air toxic levels modeled to be above the health benchmarks.	
12	9	DEQ	AQ	Eliminate Support for Regional Air Quality Modeling Center	205,660						$ 205,660	0	0.00	Reduces the availability of tecnical data needed to reduce fine particulate. NW AirQuest is a technical collaborative with WA and ID to produce meteorological and dispersion modeling used for burn bans and air quality plan development. Replacing this information on our own later for PM2.5 and ozone plans would cost more.	
13	10	DEQ	AQ	Eliminate General Fund Diesel Grants	421,995						$ 421,995	0	0.00	Eliminating all remaining GF grant funding will prevent diesel engine retrofits and repowers that dramatically reduce diesel particulate emissions and public health risks. This funding was match for DERA grants and other competitive federal grants, so federal funds will be lost as well.	
14	4	DEQ	LQ	Hazardous Waste Policy Devopment & Interpretation (LQ)	257,396		(218,164)				$ 39,232	0	0.00	Shift .90 of a policy position to fee funding. This will enable the program to continue haz. waste policy development and interpretation during 09-11, when there are several policy issues to be addressed. It will, however, limit funds available to fund the program in 2011-13.	

30% General Fund Reduction Options - Replaces Page 87-89 in Binder

Oregon Department of Environmental Quality

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Detail of 30% Reduction to 2009-11 Essential Budget Level

1	2	3	4	5	6	7	8	9	10	11	12	13	14	16	
Priority (ranked with lowest priority first)		Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes	
15	5	DEQ	LQ	Hazardous Waste Program Management	298,247						$ 298,247	1	1.00	Eliminate one manager position.	
16	6	DEQ	LQ	Shift additional Hazardous Waste FTE to fees	240,917		(200,764)				$ 40,153	0	0.00	Shift an additional 1.13 FTE of hazardous waste program FTE to Other Funds, funded with available fee balances. This would enable the program to continue the work of these positions through 09-11. Continued affordability will be evaluated as part of 11-13 budget development.	
17	1	DEQ	XP	Shift Part of Economic Revitalization Team (ERT) to alternate funding	168,995		(154,629)				$ 14,366	0	0.60	Shifts ERT funding for 0.6 FTE from the General Fund over to fee funding	
18		DEQ	AQ/LQ	Air Quality/Hazardous Waste Enforcement	241,630		(3,304)				$ 238,326	1	1.00	Loss of Enforcement staff will eliminate DEQ's ability to take enforcement on open burning violations discovered through complaint response, and less enforcement of hazardous waste violations, including improper disposal. Loss of this resource mens there will be reduced compliance with legal requirements, less civil penalty money contributed to the GF and fewer Supplemental Environmental Projects funded by violators.	
	2	DEQ	WQ	Communications and Outreach	223,014						$ 223,014	1	1.00	DEQ would reduce communications and outreach support for the agency. This means: • Reduced ability to produce informational materials such as news releases and fact sheets on local environmental issues. • Reduced support and expertise for public meetings and public outreach efforts regarding permitting in communities. • Reduced ability to work directly with local communities and local governments in public education campaigns to reduce non-point source pollution. • Reduced ability to cover and communicate local environmental enforcement actions. • Reduced ability to educate and communicate with the public about toxics in the environment and climate change issues.	3rd 5%
20	7	DEQ	LQ	Orphan Site Cleanups (LQ)	102,000						$ 102,000	0	0.00	This option would use proceeds from the 2008 orphan site bond sale to pay General Fund debt service, instead of for cleaning up sites. Identified orphan spending needs for 2009-11 already exceed available revenues, and there is no reserve for emergencies and as-yet-unidentified high priority sites. This reduction would worsen the budget shortfall.	
21	8	DEQ	LQ	Hazardous Waste TA (LQ)	256,968						$ 256,968	1	1.00	Reduce HW technical assistance staff by 1 FTE. This would result in: • 56 fewer technical site visits a biennium and • a reduction in statewide training sessions. Site visits and training sessions help predominately small businesses reduce the use of toxics, comply with complex regulations, and improve overall environmental performance.	
22	3	DEQ	WQ	Water Quality Program Support	149,284						$ 149,284	1	1.00	Reduces administrative support for the water quality program. This work includes filing, copying, mailing, scheduling and database work. This means that existing staff will have less administative support and may not be able to fully focus on technical work.	
23	9	DEQ	LQ	Hazardous Waste Data Management & Development	256,968						$ 256,968	1	1.00	This would eliminate the position responsible for the HW program's data systems development and improvement. It would severely impact the program's ability to: • collect and analyze generator and waste data necessary to evaluate program progress; • identify improvements; • respond to EPA's requests for information; and • fix database problems, compromising data quality. To cover minimum data management functions, we would need to reduce resources devoted to program improvements, policy development, and related activities.	

30% General Fund Reduction Options - Replaces Page 87-89 in Binder

Oregon Department of Environmental Quality

20__ 2011 Biennium — Agency Number: 34000

Detail of 30% Reduction to 2009-11 Essential Budget Level

1 Priority (ranked with lowest priority first)	2	3 Dept. Initials	4 Prgm. or Activity Initials	5 Program Unit/Activity Description	6 GF	7 LF	8 OF	9 NL-OF	10 FF	11 NL-FF	12 TOTAL FUNDS	13 Pos.	14 FTE	16 Impact of Reduction on Services and Outcomes	
24	4	DEQ	WQ	Wastewater Permitting (WQ)	985,426						$ 985,426	6	5.50	DEQ would not be able to meet the commitments made for the Stormwater program. Specifically, DEQ would: • Reduce inspections in the stormwater program by 50 percent • Reduce permit issuance. This means that all stormwater permit issuance will be delayed. • Eliminate work to develop approaches for eliminating dual regulation (DEQ and municipalities) of stormwater from construction sites • Delay issuing the 1200C general permit (for construction activities). The permit expires December 31st, 2010.	
25	10	DEQ	LQ	Orphan Site Cleanups - Hazardous Substance Possession Fee	300,000						$ 300,000	0	0.00	Use Hazardous Substance Possession Fee fund balance in excess of amount required for the fund's share of orphan debt service to pay for a portion of GF debt service. These funds would otherwise have been spent to support orphan cleanup work. Instead, DEQ will use other fund sources to subsidize administrative and overhead (e.g., rent) costs of the orphan program.	
2[illegible]	11	DEQ	LQ	Orphan Site Cleanups (LQ)	555,000						$ 555,000	0	0.00	This option would use more of the proceeds from the 2008 orphan site bond sale (see Option 20) to pay General Fund debt service, instead of for cleaning up sites. This is the maximum amount of proceeds that can be used for debt service under IRS regulations. Identified orphan spending needs for 2009-11 already exceed available revenues, and there is no reserve for emergencies and as-yet-unidentified high priority sites. This additional reduction would significantly worsen the budget shortfall, jeopardizing public health and investments made to clean up contaminants. At this level, cuts would be made to operations and maintenance (O&M) for already-installed cleanup remedies, federal match obligations and/or investigation and cleanup of highly-contaminated sites where a remedy has not yet been installed.	4th 5%
27	11	DEQ	AQ	LRAPA	57,895						$ 57,895	0	0.00	Because LRAPA has already received cuts in local dues and general fund, this cut would result in an across the board reduction through a furlough (9 days) or other mechanism. It would reduce the amount of inspections, air monitoring/reporting/forecasting, complaint responses, permits issued, enforcement actions, grant applications, open office hours,	

30% General Fund Reduction Options - Replaces Page 87-89 in Binder

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Detail of 30% Reduction to 2009-11 Essential Budget Level

1	2	3	4	5	6	7	8	9	10	11	12	13	14	16	
Priority (ranked with lowest priority first)		Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes	
28	12	DEQ	AQ	State Air Permitting (ACDP)	574,898						$ 574,898	3	2.50	Eliminate most of remaining GF from ACDP, leaving only 1 FTE of non-fee funded FTE in the program. Will delay permit issuance, which negatively impacts businesses expanding or morifying their operations. Will also reduce facility inspections and compliance oversight, eliminate coordinated inspector training and delay or eliminate outreach materials for new sources.	
29	9	DEQ	AQ	Air Toxics Outreach (AQ)	101,961						$ 101,961	1	0.50	Cuts outreach work to reduce benzene and PAH emissions, two of the most significant toxic air pollutants. Reduction efforts target dry cleaners, gas stations and development of community burn ban and woodstove ordinances.	
30	5	DEQ	WQ	WQ Toxics Monitoring Support	694,249						$ 694,249	4	3.59	Reduces support, including a manager, for the Water Quality Toxics Monitoring program. This means: • Development of maps and other visual tools that geographically depict where toxics monitoring was done and the monitoring results will not be available. • The toxics monitoring results will take longer to be uploaded into the public database, thus it will take longer to share the monitoring results. • Remaining staff in the toxics monitoring program will not have administrative support to do copying, filing, mailings, scheduling and database work. • Reduced ability to develop informational materials for the public or conduct public outreach regarding the results of the toxics monitoring results.	5th 5%
	6	DEQ	WQ	State Water Quality Permitting (WPCF)	482,355						$ 482,355	2	2.00	Reduces inspections, technical assistance and timely permit renewals for permittees that land apply their effluent.	

30% General Fund Reduction Options - Replaces Page 87-89 in Binder

Oregon Department of Environmental Quality

2009 - 2011 Biennium — Agency Number: 34000

Detail of 30% Reduction to 2009-11 Essential Budget Level

1 Priority (ranked with lowest priority first)	2	3 Dept. Initials	4 Prgm. or Activity Initials	5 Program Unit/Activity Description	6 GF	7 LF	8 OF	9 NL-OF	10 FF	11 NL-FF	12 TOTAL FUNDS	13 Pos.	14 FTE	16 Impact of Reduction on Services and Outcomes	
32	7	DEQ	WQ	Willamette TMDL Implementation	1,046,224						$ 1,046,224	4	4.00	Reduces implementation work associated with the Willamette TMDL. This work includes: • Providing technical assistance to local communities, watershed councils, local governments, other state agencies, federal agencies, businesses, citizens, and other groups in the Willamette Basin for implementing watershed restoration and pollution control activities • Collecting and analyzing mercury data to ensure DEQ, communities and other stakeholders can better understand how mercury affects the environment and make cost-effective decisions about mercury reduction strategies. This reduction option package includes a manager position.	
33	14	DEQ	AQ	Eliminate Second Air Toxic Monitoring site	249,159						$ 249,159	2	1.00	This would cut the air toxics monitor in Salem or a second monitor in Medford. This, together with cuts already taken, would significantly undermine DEQ's air toxics monitoring effort. The monitors in Medford and Salem were added in the 2007 budget in reponse to substantial public interest, and removing the monitors will undercut expectations.	
34	2	DEQ	WQ	Reduce Groundwater Protection Program	891,993						$ 891,993	4	4.00	DEQ would no longer do work associated with any of the Groundwater Management Areas (GWMAs) that are located in the Lower Umatilla Basin, Northern Malheur County, and in the Southern Willamette Valley. The work associated with the GWMAs includes: • Implementation of Groundwater Management Areas where the water quality has been degraded, beneficial uses are seriously impaired, and public health may be at risk in part from nonpoint source groundwater pollution • Technical assistance to communities and watershed councils engaged in groundwater pollution prevention efforts.	6th 5%
35	15	DEQ	AQ	Air Quality Emission Inventory	214,462						$ 214,462	1	1.00	Delays in air toxics and PM2.5 planning work. Emission inventory is the scientific underpinning of air quality planning, including identification of sources, determining baseline emission levels, evaluating the benefits of proposed emission reduction strategies, and meeting federal technical requirements. With fewer resources, DEQ will have to delay planning efforts to reduce air quality health impacts.	
36	8	DEQ	WQ	Water Quality Enforcement	229,094		15,108				$ 244,202	1	1.00	Reduces enforcement capabilities for water quality violations. This means there will be reduced compliance with legal requirements, less civil penalty money contributed to the General Fund, and fewer Supplemental Environmental Projects funded by violators.	
					12,349,985	-	(561,753)	-	-	-	$ 11,788,232	45	42.69		

Department of Environmental Quality

Annual Financial Report
to the
Environmental Quality Commission

April 17, 2009

Executive Summary

The 2005 legislature directed the Department of Administrative Services and the Legislative Fiscal Office to develop a measure for boards and commissions having governance oversight to use in evaluating their own performance. Because the EQC is included in the Department of Environmental Quality's budget and because it hires DEQ's executive director, DAS and LFO deemed the EQC to have governance oversight and identified it as one of the boards and commissions that should have a performance measure.

On December 14, 2006, the EQC adopted the "percent of total best practices met by the commission" as the performance standard. The measure is an annual self-assessment against 15 best practices for boards and commissions, as laid out by DAS and customized to the EQC.

Three of the 15 best practices are financial management practices measures that rely on the Agency reporting to Commission on a periodic basis. This Annual Financial Report consolidates reporting into a single periodic report that covers audits, on-going compliance, and key financial indicators.

I. Audit Highlights/Summary

The financial audits conducted by the Oregon Secretary of State's Office have concluded that the statewide financial accounts, Ballot Measure 66 Lottery Funds, and the Clean Water State Revolving fund are all in compliance, with noted suggestions reviewed by the Department and efforts being undertaken for improvement.

Internal auditing has focused on identity theft issues, with the completion of a risk assessment of DEQ's risks and vulnerabilities for potential theft or disclosure of personal identity information, and the ongoing assessment of protection of customer personal identity information processed through VIP, to be completed by June 30, 2009.

II. State Economic Forecast Summary

The February 2009 update to the Oregon state economic forecast can be found at http://www.oregon.gov/DAS/OEA/economic.shtml#Most_Recent_Forecast, and indicates a $3.1 billion shortfall for the upcoming 2009-11 biennium. The specific impact of the shortfall on state agencies is not defined, with the upcoming May 2009 economic forecast to be used in setting the revenues levels for balancing agency budgets. Additional factors include the potential use of federal economic stimulus funding to backfill some of the shortfall, the use of the rainy day funds, and potential revenue enhancement actions. All state agencies have provided the Legislative Fiscal Office (LFO) with options for reducing 30% of General and Lottery funds included in the Essential Budget Level for the 2009-11 biennium. The Commission is regularly briefed on the budget development process for the upcoming biennium, so that information will not be repeated within this report. The impact of the February 2009 forecast on the current biennium is discussed in the next section.

III. Internal DEQ Financial Highlights

The downward turn in the state economic forecast for General Fund revenues resulted in the March 2009 disappropriation of $1.76 million of DEQ General Fund for the 2007-09 biennium as part of the statewide effort to rebalance the 2007-09 budget. In addition to the loss of General

Fund, DEQ fee receipts are also starting to show the effects of the economic downturn. The hardest hit fee funded activity within DEQ is on-site sewage treatment permitting, with revenues strongly correlated with residential construction activity and has seen revenues cut almost in half.

The estimated effects of the economic downturn on DEQ operations through June 30, 2009 have been incorporated into the forecasts presented within. The Agency's conservative financial management practices and the mid biennium scheduled implementation of work newly approved for the 2007-09 biennium were key factors in DEQ's ability to respond to the sudden economic downturn. Just as DEQ was ramping up to recruit for new positions in the summer of 2008, the economic indicators of a downturn became much clearer and DEQ slowed the hiring process. As the economic downturn worsened, DEQ implemented progressively tighter cost and hiring controls.

As a result, out of a budget level of 797 full time equivalent staff, DEQ hit a peak of about 716 back in July 2008 and is currently at about 700, which is also the average for the entire 2007-09 biennium. The agency wide vacancy level coupled with the hard work of managers and staff in the most effected program areas has resulted in the agency maintaining control of all of the numerous operating subprograms. Only a small proportion of the operating subprograms are rated with a cautionary "yellow" stoplight, and none are rated as "red", or requiring immediate corrective actions going into the last six months of the biennium.

Contents

I. AUDITS

Detailed audit reports from the Secretary of State's office are sent directly to the Environmental Quality Commission and the DEQ Director at the time of issuance. For those reports already issued, the findings are summarized in this section.

A. Completed Audits

1. **Secretary of State Annual Statewide Financial Audit**
   The Secretary of State annual statewide financial audit for the year ending June 30, 2008 resulted in certification of all audited accounts, with no major findings or reportable conditions. The audit did note that cash handling controls could be improved and the Accounting Department is currently working on improving its internal controls for cash handling. The Audit also recommended that the Agency perform and Information Technology Risk Assessment.

2. **Secretary of State Lottery Funds Audit**
   The Secretary of State audit of Measure 66 expenditures for the 2005-2007 biennium found that all Measure 66 lottery funds were expended in compliance with applicable laws and regulations and that expenditures were classified and reported appropriately.

3. **Secretary of State Audit of Capitalization Grants for the Clean Water State Revolving Fund**
   The Secretary of State federal compliance audit of the Capitalization Grants for the Clean Water State Revolving Fund for the year ended June 30, 2008 resulted in the determination that only partial corrective actions noted in the prior audit were taken in the areas of environmental review and public notice documentation. DEQ is working to complete the required corrective actions.

B. Audits Currently Underway

1. **Identify Theft Risk Assessment.** To determine DEQ's risks and vulnerabilities for potential theft or disclosure of personal identity information. The audit is completed and the DEQ Internal Audit Committee will review the report at its April 16, 2009 meeting and determine how to prioritize and manage the risks.

2. **Identify Theft Risk Assessment, VIP.** Audit of the protection of customer personal identity information processed through VIP will be complete as of June 30, 2009. DEQ Internal Audit Committee will finalize FY09 Audit Report before November 1, 2009.

3. **Secretary of State Opinion Audit of Financial Statements and Internal Controls for Capitalization Grants for the Clean Water State Revolving Fund for FY2008.**

C. Audit Plan for FY2010 and Beyond.

1. **Secretary of State Annual Statewide Financial Audit for the year ending June 30, 2009.** Audits all financial accounts.

2. **Secretary of State Lottery Funds Audit for 2007-09 Biennium.** The Secretary of

State will audit Measure 66 expenditures for the 2007-2009 biennium.

3. **Information Technology Risk Assessment.** In response to the FY 2008 The Secretary of State annual statewide financial audit.

4. In addition to recurring scheduled audits by the Secretary of State's office, the DEQ internal audit committee is currently working to select audits for FY2010. The audit selections will be included in the next annual financial report to the EQC.

II. COMPLIANCE AND MONITORING

In the execution of its daily financial operations and on-going financial planning and control, DEQ:

- Employs adequate internal controls such as segregation of duties, signature authority processes, graduated procurement authorization, determination of affordability prior to filling positions, etc.;
- Monitors all relevant state and federal accounting requirements to ensure on-going compliance;
- Accounts at fund levels consistent with statutory limits;
- Employs detailed cost and time accounting systems to capture staff time and related costs; and
- Monitors actual costs against legislative adopted budget and operating budget plans.

The results of these efforts are reflected in the detailed audit reports sent to the EQC and summarized in the Audit section of this report. The monitoring to assess the financial health of the subprogram units is summarized in the Key Financial Information section of this report.

III. KEY FINANCIAL INFORMATION

Because of the biennial nature of the budget development process and accounting periods, the key financial information presented in this section will vary depending on the year of the report.

This report covers the actual performance for the 2007-09 biennium, as compared to the Operating Budget execution plan developed earlier in the biennium. For each program unit within DEQ, the report presents two key pieces of financial information:

1. The first report summarizes forecast end of biennium balance and provides a stoplight chart assessment of each subprogram unit, rating the financial status of the unit:

    a. green (good)
    b. yellow (caution)
    c. red (danger, requires action)

    The stoplight ratings help alert management to activities requiring extra attention, and DEQ procedure is to increase monitoring frequency on red rated subprogram units, including forecasts every 3 months instead of the usual 6-month interval. The stoplight chart presentation also numerically assess the impact of forecast ending balance on the Agency's ability to execute the proposed budget for the subsequent biennium, to provide a longer term assessment beyond the end of the current biennium.

    While an operating subprogram forecasted to have a deficit is always cautionary, some of DEQ's activities that are fully funded by fees or other funds must maintain minimum balances for cash management purposes. In those cases, an operating subprogram that is forecast to have a positive cash balance at the end of the biennium may still been assessed as yellow (caution) or red (requires action) if that positive balance is insufficient to meet ongoing cash management needs in the 2009-11 biennium

2. Following the summary stoplight charts, second set of reports provides information on each operating subprogram unit for the legislative adopted budget, the operating budget execution plan, and the forecast of expected revenues and spending, at the level of major categories of spending:

    - Personal Services – Salaries and Benefits
    - Services and Supplies – Rent, Travel, Training, Contracts, Other Services, Supplies
    - Capital Outlays – For major equipment purchases in excess of $5,000.
    - Special Payments – pass-throughs to other organizations for services they provide

    The report shows the variances between the operating plan and forecast execution of revenues, expenditures, and staff effort (shown as Full Time Equivalents, or FTE).

For all of the reports, variance data is presented from a financial framework, with negative variances being financially bad, and positive variances being financially good. The key financial information makes no attempt to assess the programmatic impacts of the financial results – having key positions vacant may create a positive financial variance in the report but may also have a negative impact on the unit's ability to deliver services.

The proposed Key Financial Information reports represent a compromise between too much detail to be readily understood and too much summarization that could mask issues in specific subprogram units. The DEQ subprogram units are constructed around similar activities and funding restrictions, so they represent the largest collection of work that share funding

constraints. To increase the key financial information to the program or agency wide summary level risks having one or two large funds with substantial balances giving the appearance that the entire program is healthy, but since those funds can't be used to subsidize units experience financial difficulties, the program or agency summary level presentation will not identify problem areas.

A. Air Quality Reports

1. Air Quality – Mid Biennium Forecast Stoplight Chart

	2nd QTR	3rd QTR	4th QTR	5th QTR	6th QTR	7th QTR	07-09 FCST End. Bal.	2009-11 Budget Beg. Bal.	2009-11 Impact
	Current Biennium						Transition		
ACDP Permits							2,125,026	1,644,122	480,904
Title V Permits							1,898,804	1,733,363	165,441
Area/Mob OF							270,328	668,354	(398,026)
Area/Mobile GF/FF							0	-	0
Agency-wide Infrastructure							(0)	-	(0)
Asbestos							220,221	218,539	1,682
Pass Through							-	-	-
Special Federal Grants							-	-	-
Revenue Agreements							69,067	35,000	34,067
Vehicle Inspection							2,764,112	2,568,825	195,287

Subprogram Unit Summaries:

All Operating Subprogram units are currently operating with acceptable financial limits.

2. Air Quality – Operating Budget Plan Comparison to Forecast (1)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance Value	Operating Variance %
ACDP					
Beginning Balance	1,023,287	1,559,272	1,559,272	-	0.00%
Revenues	6,638,303	6,266,578	6,329,280	62,702	1.00%
Expenditures			-		
Personal Services	4,874,236	4,480,587	4,293,194	187,393	4.18%
Supplies & Services	831,093	718,231	586,363	131,868	18.36%
Capital Outlay	88,162	49,908	4,080	45,828	91.82%
Contracts/Special Payments	183,517	4,080	25,000	(20,920)	-512.75%
Indirect	932,608	892,972	854,888	38,084	4.26%
Ending Balance	751,974	1,680,072	2,125,026	444,954	
FTE	27.70	24.96	24.44	0.52	2.08%
Title V					
Beginning Balance	1,099,477	1,561,638	1,561,638	-	0.00%
Revenues	7,898,285	7,714,864	7,843,760	128,896	1.67%
Expenditures			-		
Personal Services	6,505,962	5,873,493	5,379,010	494,483	8.42%
Supplies & Services	968,876	1,036,174	919,538	116,636	11.26%
Capital Outlay	38,922	111,958	25,000	86,958	77.67%
Contracts/Special Payments	33,835	36,720	111,958	(75,238)	-204.90%
Indirect	1,249,294	1,170,559	1,071,088	99,471	8.50%
Ending Balance	200,873	1,047,598	1,898,804	851,206	
FTE	33.65	30.66	28.47	2.19	7.14%
Area/Mob OF					
Beginning Balance	443,048	705,942	705,942	-	0.00%
Revenues	607,175	607,175	114,550	(492,625)	-81.13%
Expenditures			-		
Personal Services	549,753	462,460	394,961	67,499	14.60%
Supplies & Services	203,247	170,659	53,016	117,643	68.93%
Capital Outlay	0	-	19,550	(19,550)	N/A
Contracts/Special Payments	80,000		4,000	(4,000)	N/A
Indirect	105,412	92,164	78,637	13,527	14.68%
Ending Balance	111,811	587,834	270,328	(317,506)	
FTE	4.00	2.70	2.43	0.27	10.01%
Area/Mobile GF/FF					
Beginning Balance	-	-	-	-	N/A
Revenues	9,676,009	11,035,677	8,933,501	(2,102,176)	-19.05%
Expenditures			-		
Personal Services	5,987,691	6,754,468	4,905,832	1,848,636	27.37%
Supplies & Services	1,911,915	2,111,009	2,171,417	(60,408)	-2.86%
Capital Outlay	335,341	411,244	528,948	(117,704)	-28.62%
Contracts/Special Payments	334,120	347,554	350,346	(2,792)	-0.80%
Indirect	1,106,942	1,220,545	976,958	243,587	19.96%
Ending Balance	-	190,857	0	(190,857)	
FTE	35.34	38.64	27.21	11.43	29.58%

3. Air Quality – Operating Budget Plan Comparison to Forecast (2)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance Value	Operating Variance %
Agency-wide Infrastructure					
Beginning Balance	-		-		
Revenues	1,770,920	515,257	1,771,016	1,255,759	243.72%
Expenditures					
Personal Services	961,200	340,958	1,177,987	(837,029)	-245.49%
Supplies & Services	550,920	86,613	273,696	(187,083)	-216.00%
Capital Outlay	0	19,733	2,000	17,733	89.86%
Contracts/Special Payments	20,000	-	84,250	(84,250)	N/A
Indirect	238,800	67,953	233,083	(165,130)	-243.01%
Ending Balance	-	-	(0)	(0)	
FTE	7.17	2.16	6.79	(4.63)	-214.38%
Combined Area/Mobile & Agency-wide					
Beginning Balance	-	-	-		
Revenues	11,446,929	11,550,934	10,704,517	(846,417)	-7.33%
Expenditures					
Personal Services	6,948,891	7,095,426	6,083,819	1,011,607	14.26%
Supplies & Services	2,462,835	2,197,622	2,445,113	(247,491)	-11.26%
Capital Outlay	335,341	430,977	530,948	(99,971)	-23.20%
Contracts/Special Payments	354,120	347,554	434,596	(87,042)	-25.04%
Indirect	1,345,742	1,288,498	1,210,041	78,457	6.09%
Ending Balance	-	190,857	0	(190,857)	
FTE	42.51	40.80	34.00	(6.80)	-16.67%
Asbestos					
Beginning Balance	28,726	95,024	95,024	-	0.00%
Revenues	1,761,331	1,859,356	1,779,356	(80,000)	-4.30%
Expenditures			-		
Personal Services	1,213,241	1,350,284	1,162,018	188,266	13.94%
Supplies & Services	235,607	270,195	199,758	70,437	26.07%
Capital Outlay	0	31,876	-	31,876	100.00%
Contracts/Special Payments	28,811		61,000	(61,000)	N/A
Indirect	232,682	269,103	231,383	37,720	14.02%
Ending Balance	79,716	32,922	220,221	187,299	
FTE	7.20	7.85	6.70	1.15	14.65%
Pass Through					
Beginning Balance	-	-	-	-	N/A
Revenues	4,174,854	3,107,849	2,496,893	(610,956)	-19.66%
Expenditures			-		
Personal Services	113,207	-	-	-	N/A
Supplies & Services	17,070	-	-	-	N/A
Capital Outlay	0		-	-	N/A
Contracts/Special Payments	4,022,672	3,107,849	2,496,893	610,956	19.66%
Indirect	21,905	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	-	-	-	-	N/A

4. Air Quality – Operating Budget Plan Comparison to Forecast (3)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance Value	Operating Variance %
Special Federal Grants					
Beginning Balance	-	-	-	-	N/A
Revenues	1,079,820	1,544,792	1,600,262	55,470	3.59%
Expenditures			-		
Personal Services	560,353	947,983	975,265	(27,282)	-2.88%
Supplies & Services	189,067	456,183	299,524	156,659	34.34%
Capital Outlay	66,000	110,495	-	110,495	100.00%
Contracts/Special Payments	151,543	24,000	131,301	(107,301)	-447.09%
Indirect	112,857	188,911	194,172	(5,261)	-2.78%
Ending Balance	-	(182,780)	-	182,780	
FTE	3.40	5.45	6.92	(1.47)	-26.93%
Revenue Agreements					
Beginning Balance	36,580	38,692	56,031	17,339	44.81%
Revenues	376,530	608,204	483,632	(124,572)	-20.48%
Expenditures			-		
Personal Services	255,799	405,516	275,205	130,311	32.13%
Supplies & Services	(70,465)	188,564	110,110	78,454	41.61%
Capital Outlay	120,000	2,317	23,000	(20,683)	-892.66%
Contracts/Special Payments	0	-	7,500	(7,500)	N/A
Indirect	49,055	80,822	54,782	26,040	32.22%
Ending Balance	58,721	(30,323)	69,067	99,390	
FTE	0.95	2.37	1.69	0.68	28.68%
Vehicle Inspection					
Beginning Balance	4,387,952	5,203,976	5,203,976	-	0.00%
Revenues	20,639,021	20,326,106	20,193,752	(132,354)	-0.65%
Expenditures			-		
Personal Services	13,420,870	13,596,432	13,805,626	(209,194)	-1.54%
Supplies & Services	6,285,719	5,899,657	4,458,879	1,440,778	24.42%
Capital Outlay	423,803	89,004	1,412,339	(1,323,335)	-1486.83%
Contracts/Special Payments	1,027,906	1,402,679	208,063	1,194,616	85.17%
Indirect	2,575,302	2,709,718	2,748,709	(38,991)	-1.44%
Ending Balance	1,293,373	1,832,592	2,764,112	931,520	
FTE	111.04	109.72	108.23	1.49	1.36%

B. Water Quality Reports

1. Water Quality – Mid Biennium Forecast Stoplight Chart

	2nd QTR	3rd QTR	4th QTR	5th QTR	6th QTR	7th QTR	07-09 FCST End. Bal.	2009-11 Budget Beg. Bal.	2009-11 Impact
	Current Biennium						Transition		
Wastewater Permitting							2,858,964	2,558,500	300,464
WQ Operator Certification							172,524	160,286	12,238
TMDL & Oregon Plan							-	-	-
WQ Ambient Monitoring							-	-	-
MAPS							35,466	-	35,466
WQ Program Support							-	17,917	(17,917)
WQ Data Management							-	-	-
WQ Standards & Assessments							92,249	-	92,249
Ground Water							-	-	-
401 Certification-Dredge & Fill							-	29,000	(29,000)
401 Certification - Hydro							61,578	5,000	56,578
CW State Revolving Fund Administration							6,453,266	6,881,318	(428,052)
DW Assessments & Implementation							105,477	-	105,477
On-Site Systems Permitting							22,989	470,744	(447,755)
Underground Injection Control							111,163	-	111,163
NPS Implementation 319 Grants							-	-	-
DW & Laboratory Certification							13,877	-	13,877
Receipts Authority							-	-	-

Subprogram Unit Summaries:

All Operating Subprogram units are currently operating with acceptable financial limits. A number of the activities have been rated as yellow, for the following reasons:

WQ Monitoring, WQ Program Support – Needs increased detail on the effects of allocated costs for next biennium's operating plan development.

401 Certifications, UIC, and Laboratory Certification – On going concerns with fee revenue inflow uncertainty and workloads.

On-Site Systems Permitting – Significant reduction in work and fee collections due to the impact of the economy of new home construction.

2. Water Quality – Operating Budget Plan Comparison to Forecast (1)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance Value	Operating Variance %
Wastewater Permitting					
Beginning Balance	3,140,816	2,714,931	2,727,198	12,267	0.45%
Revenues	17,930,751	17,819,075	15,825,079	(1,993,996)	-11.19%
Expenditures					
Personal Services	12,689,249	12,836,199	11,430,115	1,406,084	10.95%
Supplies & Services	2,164,500	2,599,128	1,782,327	816,801	31.43%
Capital Outlay	200,816	-	6,493	(6,493)	N/A
Contracts/Special Payments	637,783	276,496	198,258	78,238	28.30%
Indirect	2,417,764	2,558,224	2,276,120	282,104	11.03%
Ending Balance	2,961,455	2,263,959	2,858,964	595,005	
FTE	77.96	70.92	64.45	6.47	9.13%
Operator Certification					
Beginning Balance	260,363	199,950	199,950	-	0.00%
Revenues	400,090	409,220	411,250	2,030	0.50%
Expenditures					
Personal Services	293,964	307,342	317,285	(9,943)	-3.24%
Supplies & Services	65,030	58,287	36,211	22,076	37.87%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	22,000	22,000	-	0.00%
Indirect	56,457	61,255	63,180	(1,925)	-3.14%
Ending Balance	245,002	160,286	172,524	12,238	
FTE	2.00	2.14	2.19	(0.05)	-2.29%
TMDL					
Beginning Balance	-	-	-	-	N/A
Revenues	9,958,589	10,476,346	10,298,127	(178,219)	-1.70%
Expenditures					
Personal Services	6,764,419	7,099,320	6,798,995	300,325	4.23%
Supplies & Services	1,654,297	1,448,888	1,843,152	(394,264)	-27.21%
Capital Outlay	1,555	1,555	23,412	(21,857)	-1405.58%
Contracts/Special Payments	256,071	366,032	278,651	87,381	23.87%
Indirect	1,282,023	1,414,873	1,353,917	60,956	4.31%
Ending Balance	224	145,678	0	(145,678)	
FTE	38.82	39.03	36.30	2.73	6.99%
Base Monitoring					
Beginning Balance	-	-	-	-	N/A
Revenues	7,086,838	8,391,382	8,688,007	296,625	3.53%
Expenditures					
Personal Services	3,995,360	4,595,082	4,315,487	279,595	6.08%
Supplies & Services	1,841,740	1,969,275	2,554,146	(584,871)	-29.70%
Capital Outlay	214,997	610,879	629,228	(18,349)	-3.00%
Contracts/Special Payments	251,655	477,577	329,789	147,788	30.95%
Indirect	785,318	915,785	859,357	56,428	6.16%
Ending Balance	(2,232)	(177,216)	0	177,216	
FTE	25.50	27.21	27.69	(0.48)	-1.77%

3. Water Quality – Operating Budget Plan Comparison to Forecast (2)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance Value	Operating Variance %
MAPS					
Beginning Balance	-	-	-	-	N/A
Revenues	-	96,000	96,000	-	0.00%
Expenditures					
Personal Services	-	-	15,544	(15,544)	N/A
Supplies & Services	-	-	41,889	(41,889)	N/A
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	-	-	N/A
Indirect	-	-	3,101	(3,101)	N/A
Ending Balance	-	96,000	35,466	(60,534)	
FTE	-	-	0.21	(0.21)	N/A
Program Support					
Beginning Balance	12,267	12,267	-	(12,267)	-100.00%
Revenues	3,545,820	3,806,831	3,958,359	151,529	3.98%
Expenditures					
Personal Services	2,525,106	2,665,502	2,629,103	36,399	1.37%
Supplies & Services	515,414	518,652	692,261	(173,609)	-33.47%
Capital Outlay	-	-	1,298	(1,298)	N/A
Contracts/Special Payments	3,768	91,771	114,124	(22,353)	-24.36%
Indirect	501,532	531,216	521,574	9,642	1.82%
Ending Balance	12,267	11,957	(0)	(11,957)	
FTE	15.05	15.97	15.31	0.66	4.14%
Data Management					
Beginning Balance	-	-	-	-	N/A
Revenues	933,500	1,123,535	897,869	(225,666)	-20.09%
Expenditures					
Personal Services	689,900	724,692	558,192	166,500	22.98%
Supplies & Services	108,785	97,817	67,364	30,453	31.13%
Capital Outlay	-	-	73,102	(73,102)	N/A
Contracts/Special Payments	-	156,599	88,077	68,522	43.76%
Indirect	134,815	144,427	111,134	33,293	23.05%
Ending Balance	-	-	0	0	
FTE	4.00	4.20	3.52	0.67	16.04%
Standards & Assessments					
Beginning Balance	-	-	-	-	N/A
Revenues	1,614,092	1,499,926	1,453,275	(46,651)	-3.11%
Expenditures					
Personal Services	1,202,599	1,099,268	981,574	117,694	10.71%
Supplies & Services	187,427	149,163	179,738	(30,575)	-20.50%
Capital Outlay	-	-	2,096	(2,096)	N/A
Contracts/Special Payments	-	2,037	2,113	(76)	-3.73%
Indirect	258,261	219,081	195,505	23,576	10.76%
Ending Balance	(34,195)	30,377	92,249	61,871	
FTE	6.96	5.35	4.15	1.20	22.41%

4. Water Quality – Operating Budget Plan Comparison to Forecast (3)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance Value	Operating Variance %
Groundwater					
Beginning Balance	-	-	-	-	N/A
Revenues	1,335,142	1,250,093	1,276,878	26,785	2.14%
Expenditures					
Personal Services	908,262	897,185	865,386	31,799	3.54%
Supplies & Services	256,704	163,277	210,789	(47,512)	-29.10%
Capital Outlay	-	-	8,383	(8,383)	N/A
Contracts/Special Payments	-	12,408	19,992	(7,584)	-61.12%
Indirect	170,176	178,807	172,327	6,480	3.62%
Ending Balance	-	(1,584)	0	1,584	
FTE	5.00	4.66	4.50	0.16	3.40%
401 Certification-D&F					
Beginning Balance	70,241	154,011	154,011	-	0.00%
Revenues	602,629	502,507	526,778	24,271	4.83%
Expenditures					
Personal Services	402,647	427,369	474,924	(47,555)	-11.13%
Supplies & Services	95,966	109,062	110,492	(1,430)	-1.31%
Capital Outlay	-	-	205	(205)	N/A
Contracts/Special Payments	-	-	606	(606)	N/A
Indirect	85,871	85,174	94,562	(9,388)	-11.02%
Ending Balance	88,386	34,913	(0)	(34,913)	
FTE	3.00	2.62	2.86	(0.24)	-9.21%
401 Certification-Hydro					
Beginning Balance	469,122	145,974	145,974	-	0.00%
Revenues	1,050,318	967,731	1,017,634	49,903	5.16%
Expenditures					
Personal Services	851,580	748,647	704,905	43,742	5.84%
Supplies & Services	161,549	249,312	256,628	(7,316)	-2.93%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	157	(157)	N/A
Indirect	163,484	149,198	140,340	8,858	5.94%
Ending Balance	342,827	(33,452)	61,578	95,030	
FTE	4.25	3.80	3.65	0.15	3.94%
CW SRF Administration					
Beginning Balance	6,229,032	5,979,623	5,979,623	-	0.00%
Revenues	2,931,729	3,209,961	2,767,665	(442,296)	-13.78%
Expenditures					
Personal Services	1,473,031	1,661,419	1,656,870	4,549	0.27%
Supplies & Services	301,144	303,240	291,341	11,899	3.92%
Capital Outlay	13,326	13,326	13,326	-	0.00%
Contracts/Special Payments	-	-	2,525	(2,525)	N/A
Indirect	282,929	331,110	329,960	1,150	0.35%
Ending Balance	7,090,331	6,880,489	6,453,266	(427,223)	
FTE	8.10	9.03	9.32	(0.29)	-3.27%

5. Water Quality – Operating Budget Plan Comparison to Forecast (4)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance Value	Operating Variance %
Drinking Water					
Beginning Balance	7,708	21,037	-	(21,037)	-100.00%
Revenues	1,181,639	1,233,325	1,233,325	-	0.00%
Expenditures					
Personal Services	900,265	828,109	826,034	2,075	0.25%
Supplies & Services	153,171	134,410	136,987	(2,577)	-1.92%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	344	(344)	N/A
Indirect	172,570	165,039	164,483	556	0.34%
Ending Balance	(36,659)	126,804	105,477	(290)	
FTE	5.50	5.00	4.81	0.19	3.71%
On Site					
Beginning Balance	794,979	701,598	701,598	-	0.00%
Revenues	5,529,004	4,662,242	3,367,269	(1,294,973)	-27.78%
Expenditures					
Personal Services	3,913,272	3,521,223	2,860,441	660,782	18.77%
Supplies & Services	635,360	649,628	596,903	52,725	8.12%
Capital Outlay	42,630	-	-	-	N/A
Contracts/Special Payments	-	20,000	20,000	-	0.00%
Indirect	751,618	701,763	568,535	133,228	18.98%
Ending Balance	981,103	471,226	22,989	(448,237)	
FTE	25.44	22.12	17.37	4.75	21.46%
Underground Injection					
Beginning Balance	-	-	-	-	N/A
Revenues	1,440,562	623,538	642,538	19,000	3.05%
Expenditures					
Personal Services	957,323	463,429	397,712	65,717	14.18%
Supplies & Services	185,762	94,802	54,421	40,381	42.60%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	55	(55)	N/A
Indirect	184,964	92,356	79,188	13,168	14.26%
Ending Balance	112,513	(27,049)	111,163	138,212	
FTE	6.75	2.81	2.34	0.47	16.66%
Non Point Sources					
Beginning Balance	-	-	-	-	N/A
Revenues	6,190,611	5,780,800	4,780,207	(1,000,593)	-17.31%
Expenditures					
Personal Services	1,338,397	1,372,014	1,282,771	89,243	6.50%
Supplies & Services	223,731	241,508	232,881	8,627	3.57%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	4,360,177	3,893,848	3,009,122	884,726	22.72%
Indirect	268,306	273,430	255,433	17,997	6.58%
Ending Balance	-	-	0	0	
FTE	8.12	7.93	7.49	0.44	5.50%

6. Water Quality – Operating Budget Plan Comparison to Forecast (5)

	LAB (Approved)	Operating Budget	Forecast @ 12/31/2008	Operating Variance	
				Value	%
DW & Laboratory Certification					
Beginning Balance	24,788	-	21,037	21,037	N/A
Revenues	237,688	237,688	318,802	81,114	34.13%
Expenditures					
Personal Services	201,605	171,573	221,227	(49,654)	-28.94%
Supplies & Services	26,315	54,156	60,287	(6,131)	-11.32%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	398	(398)	N/A
Indirect	38,704	34,190	44,050	(9,860)	-28.84%
Ending Balance	(4,148)	(22,231)	13,877	36,108	
FTE	1.00	0.82	1.13	(0.31)	-37.98%
Receipts Authority					
Beginning Balance	11,223	29,229	29,229	-	0.00%
Revenues	892,729	657,933	525,126	(132,807)	-20.19%
Expenditures					
Personal Services	681,760	451,502	389,791	61,711	13.67%
Supplies & Services	124,755	63,000	46,549	16,451	26.11%
Capital Outlay	-	-	30,364	(30,364)	N/A
Contracts/Special Payments	-	10,000	10,000	-	0.00%
Indirect	130,882	89,982	77,651	12,331	13.70%
Ending Balance	(33,445)	72,678	0	(72,678)	
FTE	4.00	2.46	2.31	0.14	5.78%

C. Land Quality Reports

1. Mid Biennium Forecast Stoplight Chart

	2nd QTR	3rd QTR	4th QTR	5th QTR	6th QTR	7th QTR	07-09 FCST End. Bal.	2009-11 Budget Beg. Bal.	2009-11 Impact
	Current Biennium						Transition		
Solid Waste							4,323,981	6,070,020	(1,746,039)
Hazardous Waste							1,772,264	1,714,398	57,866
Orphans - Industrial							3,595,936	2,300,000	1,295,936
Orphans - Solid Waste							2,322,226	7,000,000	(4,677,774)
Cleanup - McCormick & Baxter							0	-	0
Cleanup - Dry Cleaners							361,262	462,761	(101,499)
Cleanup - Non-Dedicated							2,168,470	2,793,674	(625,204)
Cleanup - Dedicated							7,560,316	6,833,224	727,092
Spills							501,616	494,387	7,229
Tanks - UST							346,064	350,807	(4,743)
Tanks - LUST							914,743	648,848	265,895
Tanks - Heating Oil							52,733	20,000	32,733
Umatilla Chemical Demilitarization Depot							-	-	-

Subprogram Unit Summaries:

All Operating Subprogram units are currently operating with acceptable financial limits with a small number of yellow rated activities highlighted for ongoing detailed attention to close out the 2009-11 biennium.

2. Land Quality - Operating Budget Plan Comparison to Forecast (1)

		Operating Data		Operating Variance	
	LAB	Operating Budget	Forecast @ 12/31/08	Value	%
Solid Waste					
Beginning Balance	4,092,258	5,631,478	5,631,478	-	0.00%
Revenues	12,555,156	13,417,962	13,916,501	498,539	3.72%
Expenditures					
Personal Services	9,715,768	9,405,635	9,040,229	365,406	3.88%
Supplies & Services	1,635,012	1,556,666	1,654,529	(97,863)	-6.29%
Capital Outlay	50,867	50,867	67,000	(16,133)	-31.72%
Contracts/Special Payments	3,091,676	2,193,788	2,662,845	(469,057)	-21.38%
Indirect	1,868,027	1,874,498	1,799,395	75,103	4.01%
Ending Balance	286,064	3,967,986	4,323,981	355,995	
FTE	55.02	52.29	47.38	4.91	9.39%
Hazardous Waste					
Beginning Balance	670,949	1,504,822	1,504,822	-	0.00%
Revenues	9,565,602	9,836,651	9,508,231	(328,420)	-3.34%
Expenditures					
Personal Services	7,232,331	7,414,406	6,472,308	942,098	12.71%
Supplies & Services	1,311,933	1,146,554	1,344,512	(197,958)	-17.27%
Capital Outlay	39,005	39,005	13,778	25,227	64.68%
Contracts/Special Payments	133,227	162,464	122,001	40,463	24.91%
Indirect	1,387,258	1,477,647	1,288,190	189,457	12.82%
Ending Balance	132,797	1,101,397	1,772,264	670,867	
FTE	39.61	39.11	48.58	(9.47)	-24.21%
Orphan					
Beginning Balance	9,974,949	12,719,010	12,719,010	-	0.00%
Revenues	5,932,167	5,887,770	1,679,247	(4,208,523)	-71.48%
Expenditures					
Personal Services	757,264	675,330	667,114	8,216	1.22%
Supplies & Services	304,306	275,889	121,617	154,272	55.92%
Capital Outlay		-	-	-	N/A
Contracts/Special Payments	5,734,651	5,136,837	7,558,533	(2,421,696)	-47.14%
Indirect	145,581	134,594	132,831	1,763	1.31%
Ending Balance	8,965,314	12,384,130	5,918,162	(6,465,968)	
FTE	3.80	3.30	3.42	(0.12)	-3.64%
McCormick & Baxter					
Beginning Balance	-	-	-	-	N/A
Revenues	-	-	989,572	989,572	N/A
Expenditures					
Personal Services	-	-	70,150	(70,150)	N/A
Supplies & Services	-	-	11,193	(11,193)	N/A
Capital Outlay		-	-	-	N/A
Contracts/Special Payments	-	-	894,253	(894,253)	N/A
Indirect	-	-	13,976	(13,976)	N/A
Ending Balance	-	-	-	-	
FTE	-	-	1.60	(1.60)	N/A

3. Land Quality - Operating Budget Plan Comparison to Forecast (2)

		Operating Data		Operating Variance	
	LAB	Operating Budget	Forecast @ 12/31/08	Value	%
Dry Cleaners					
Beginning Balance	403,351	653,786	653,786	-	0.00%
Revenues	1,363,619	1,362,670	1,080,013	(282,657)	-20.74%
Expenditures					
Personal Services	393,620	408,947	442,643	(33,696)	-8.24%
Supplies & Services	109,594	92,433	59,188	33,245	35.97%
Capital Outlay	9,126	9,126	-	9,126	100.00%
Contracts/Special Payments	1,038,431	1,038,431	782,619	255,812	24.63%
Indirect	75,654	81,500	88,086	(6,586)	-8.08%
Ending Balance	140,545	386,019	361,263	(24,756)	
FTE	2.41	2.45	3.74	(1.29)	-52.65%
Cleanup					
Beginning Balance	6,759,145	13,074,112	12,984,712	(89,400)	-0.68%
Revenues	16,083,037	17,163,151	15,105,026	(2,058,125)	-11.99%
Expenditures					
Personal Services	12,462,606	11,200,666	10,002,537	1,198,129	10.70%
Supplies & Services	2,227,683	2,203,264	2,158,534	44,730	2.03%
Capital Outlay	21,189	21,189	15,088	6,101	28.79%
Contracts/Special Payments	2,057,961	2,674,629	4,142,625	(1,467,996)	-54.89%
Indirect	2,423,053	2,232,257	1,987,783	244,474	10.95%
Ending Balance	3,649,690	11,905,258	9,783,171	(2,122,087)	
FTE	67.37	57.83	77.14	(19.31)	-33.39%
Spills					
Beginning Balance	140,838	395,915	395,915	-	0.00%
Revenues	2,708,543	2,685,912	2,958,756	272,844	10.16%
Expenditures					
Personal Services	1,890,889	1,898,049	1,970,950	(72,901)	-3.84%
Supplies & Services	312,491	373,511	344,214	29,297	7.84%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	152,073	153,809	145,400	8,409	5.47%
Indirect	363,836	375,946	392,490	(16,544)	-4.40%
Ending Balance	130,092	280,512	501,617	221,105	
FTE	10.71	11.31	10.43	0.88	7.78%
UST					
Beginning Balance	150,601	318,633	318,633	-	0.00%
Revenues	2,533,310	2,458,159	2,527,195	69,036	2.81%
Expenditures					
Personal Services	1,688,800	1,717,457	1,772,957	(55,500)	-3.23%
Supplies & Services	246,021	313,469	317,257	(3,788)	-1.21%
Capital Outlay	4,463	4,463	-	4,463	100.00%
Contracts/Special Payments	9,553	11,289	57,083	(45,794)	-405.65%
Indirect	328,157	342,282	352,467	(10,185)	-2.98%
Ending Balance	406,917	387,832	346,064	(41,768)	
FTE	10.42	10.32	9.78	0.54	5.23%

4. Land Quality - Operating Budget Plan Comparison to Forecast (3)

		Operating Data		Operating Variance	
	LAB	Operating Budget	Forecast @ 12/31/08	Value	%
LUST					
Beginning Balance	838,317	888,552	977,952	89,400	10.06%
Revenues	5,443,340	4,888,669	4,706,363	(182,306)	-3.73%
Expenditures					
Personal Services	4,152,504	3,698,912	3,377,604	321,308	8.69%
Supplies & Services	723,477	525,003	494,544	30,459	5.80%
Capital Outlay	35,973	4,973	-	4,973	100.00%
Contracts/Special Payments	181,446	78,519	225,693	(147,174)	-187.44%
Indirect	810,100	737,189	671,730	65,459	8.88%
Ending Balance	378,157	732,625	914,744	182,119	
FTE	25.09	20.53	23.67	(3.14)	-15.29%
Oil Heat					
Beginning Balance	107,401	4,566	4,566	-	0.00%
Revenues	922,796	1,005,796	798,738	(207,058)	-20.59%
Expenditures					
Personal Services	708,208	716,515	566,616	149,899	20.92%
Supplies & Services	118,638	98,748	70,670	28,078	28.43%
Capital Outlay		-	-	-	N/A
Contracts/Special Payments		595	450	145	24.37%
Indirect	136,036	142,799	112,835	29,964	20.98%
Ending Balance	67,315	51,705	52,733	1,028	
FTE	5.34	5.25	3.59	1.66	31.62%
Umatilla Army Depot					
Beginning Balance	-	-	-	-	N/A
Revenues	3,590,105	3,269,835	2,845,682	(424,153)	-12.97%
Expenditures					
Personal Services	1,825,112	1,683,122	1,328,947	354,175	21.04%
Supplies & Services	488,398	449,699	427,061	22,638	5.03%
Capital Outlay		-	-	-	N/A
Contracts/Special Payments	910,223	801,573	825,031	(23,458)	-2.93%
Indirect	366,372	335,441	264,643	70,798	21.11%
Ending Balance	-	-	-	-	
FTE	10.16	8.32	10.55	(2.23)	-26.80%

D. Cross Program Reports

1. Mid Biennium Forecast Stoplight Chart

	Current Biennium						Transition		
	2nd QTR	3rd QTR	4th QTR	5th QTR	6th QTR	7th QTR	07-09 FCST End. Bal.	2009-11 Budget Beg. Bal.	2009-11 Impact
Economic Revitalization Team							12,269	-	12,269
Tax Credits							261,277	151,554	109,723
Federal Grants							-	-	-

Subprogram Unit Summaries:

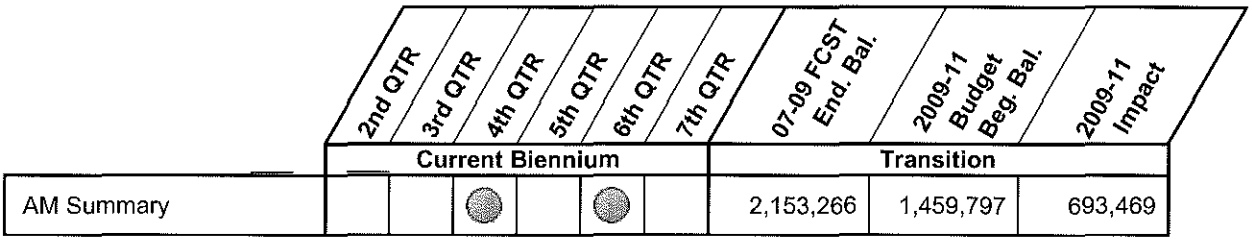
All Operating Subprogram units are currently operating with acceptable financial limits.

2. Cross Program - Operating Budget Plan Comparison to Forecast

		Operating Data		Operating Variance	
	LAB	Operating Budget	Forecast @ 12/31/08	Value	%
ERT					
Beginning Balance	-	-	-	-	N/A
Revenues	778,559	778,559	674,001	(104,558)	-13.43%
Expenditures					
Personal Services	619,601	564,083	489,273	74,810	13.26%
Supplies & Services	97,354	64,957	75,025	(10,068)	-15.50%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	-	-	N/A
Indirect	61,604	149,519	97,434	52,085	34.84%
Ending Balance	-	-	12,269	12,269	
FTE	3.00	2.53	2.40	0.13	5.14%
Tax Credits					
Beginning Balance	160,116	197,630	197,630	-	0.00%
Revenues	752,012	380,970	322,961	(58,009)	-15.23%
Expenditures					
Personal Services	311,111	295,010	192,762	102,248	34.66%
Supplies & Services	446,192	98,205	28,171	70,034	71.31%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	-	-	N/A
Indirect	59,718	58,793	38,381	20,412	34.72%
Ending Balance	95,107	126,592	261,277	134,685	
FTE	2.00	1.76	0.79	0.97	55.11%
Chemist / Home. Sec.					
Beginning Balance	-	-	-	-	N/A
Revenues	262,220	63,828	147,759	83,931	131.50%
Expenditures					
Personal Services	152,671	45,587	36,994	8,593	18.85%
Supplies & Services	28,618	9,157	14,916	(5,759)	-62.89%
Capital Outlay	-	-	88,487	(88,487)	N/A
Contracts/Special Payments	-	-	-	-	N/A
Indirect	29,256	9,084	7,362	1,722	18.96%
Ending Balance	51,675	-	-	-	
FTE	1.00	0.29	0.25	0.04	13.79%
Federal Grants					
Beginning Balance	-	-	-	-	N/A
Revenues	887,974	890,760	918,227	27,467	3.08%
Expenditures					
Personal Services	306,764	438,417	427,678	10,739	2.45%
Supplies & Services	51,412	174,968	143,518	31,450	17.97%
Capital Outlay	15,000	15,000	-	15,000	100.00%
Contracts/Special Payments	453,250	175,000	40,000	135,000	77.14%
Indirect	61,592	87,374	85,188	2,186	2.50%
Ending Balance	(44)	1	221,843	221,842	
FTE	2.00	2.95	2.45	(0.50)	-16.95%

E. Agency Management Reports

1. Mid Biennium Forecast Stoplight Chart



	2nd QTR	3rd QTR	4th QTR	5th QTR	6th QTR	7th QTR	07-09 FCST End. Bal.	2009-11 Budget Beg. Bal.	2009-11 Impact
	Current Biennium						Transition		
AM Summary							2,153,266	1,459,797	693,469

Subprogram Unit Summaries:

The information for Agency Management is provided at the summary level, since indirect revenues are not allocated to each section in Agency Management. Detailed spending analysis is provided in the second section of reports.

2. AM - Operating Budget Plan Comparison to Forecast (1)

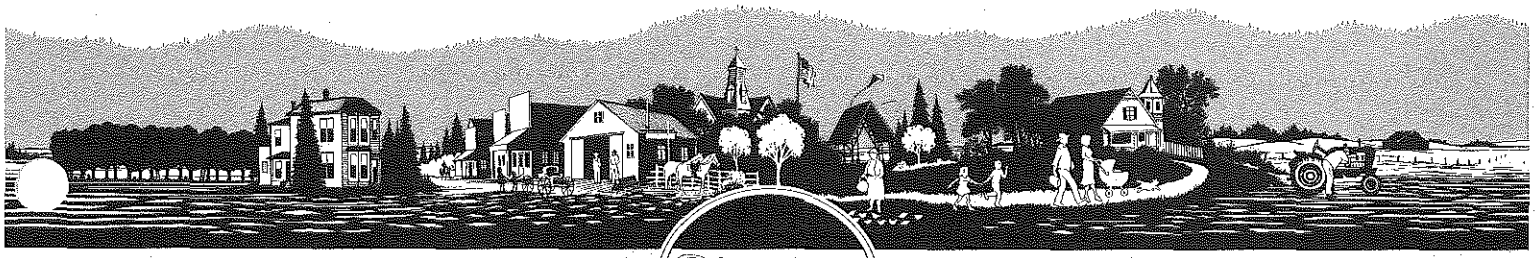
		Operating Data		Operating Variance	
	LAB	Operating Budget	Forecast @ 12/31/08	Value	%
Office of the Director					
Beginning Balance	-	-	-	-	N/A
Revenues	2,198,913	2,274,161	1,757,405	(516,756)	-22.72%
Expenditures					
Personal Services	1,668,476	1,474,202	1,154,269	319,933	21.70%
Supplies & Services	425,558	695,080	515,136	179,944	25.89%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	104,879	104,879	88,000	16,879	16.09%
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	8.33	6.48	3.40	3.08	47.53%
Communications & Outreach					
Beginning Balance	-	-	-	-	N/A
Revenues	928,747	773,228	945,482	172,254	22.28%
Expenditures					
Personal Services	818,504	667,543	850,274	(182,731)	-27.37%
Supplies & Services	92,783	88,225	79,099	9,126	10.34%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	17,460	17,460	16,109	1,351	7.74%
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	5.42	4.22	7.05	(2.83)	-67.06%
Administration					
Beginning Balance	-	-	-	-	N/A
Revenues	2,485,558	2,429,426	2,484,101	54,675	2.25%
Expenditures					
Personal Services	1,425,111	1,701,824	1,094,549	607,275	35.68%
Supplies & Services	1,030,447	697,602	1,379,552	(681,950)	-97.76%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	30,000	30,000	10,000	20,000	66.67%
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	7.50	6.05	5.91	0.14	2.31%
Accounting					
Beginning Balance	-	-	-	-	N/A
Revenues	3,993,367	4,114,607	3,398,595	(716,012)	-17.40%
Expenditures					
Personal Services	3,662,921	3,580,572	3,252,685	327,887	9.16%
Supplies & Services	279,709	484,035	130,910	353,125	72.95%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	50,000	50,000	15,000	35,000	70.00%
Indirect	737	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	24.23	23.23	21.38	1.85	7.96%

3. AM - Operating Budget Plan Comparison to Forecast (2)

		Operating Data		Operating Variance	
	LAB	Operating Budget	Forecast @ 12/31/08	Value	%
HR					
Beginning Balance	-	-	-	-	N/A
Revenues	1,683,437	1,483,171	1,536,867	53,696	3.62%
Expenditures					
Personal Services	1,466,077	1,187,472	1,314,325	(126,853)	-10.68%
Supplies & Services	166,239	244,578	199,124	45,454	18.58%
Capital Outlay	-	-	3,418	(3,418)	N/A
Contracts/Special Payments	51,121	51,121	20,000	31,121	60.88%
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	10.00	10.06	9.31	0.75	7.46%
Information Technology					
Beginning Balance	-	-	-	-	N/A
Revenues	2,416,694	2,381,106	2,324,143	(56,963)	-2.39%
Expenditures					
Personal Services	1,858,182	1,873,511	1,729,765	143,746	7.67%
Supplies & Services	396,657	345,740	514,215	(168,475)	-48.73%
Capital Outlay	131,692	131,692	50,000	81,692	62.03%
Contracts/Special Payments	30,163	30,163	30,163	-	0.00%
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	10.00	10.00	9.95	0.05	0.50%
Business Systems & Development					
Beginning Balance	-	-	-	-	N/A
Revenues	3,168,035	3,095,372	3,197,824	102,452	3.31%
Expenditures					
Personal Services	2,670,051	2,544,102	2,579,548	(35,446)	-1.39%
Supplies & Services	297,984	351,270	469,631	(118,361)	-33.70%
Capital Outlay	133,645	133,645	133,645	-	0.00%
Contracts/Special Payments	66,355	66,355	15,000	51,355	77.39%
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	13.50	13.08	13.77	(0.69)	-5.28%
Budget					
Beginning Balance	-	-	-	-	N/A
Revenues	1,040,396	970,913	826,060	(144,853)	-14.92%
Expenditures					
Personal Services	938,789	863,891	795,723	68,168	7.89%
Supplies & Services	83,359	107,022	23,982	83,040	77.59%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	1,025	(1,025)	N/A
Indirect	18,248	-	5,330	(5,330)	N/A
Ending Balance	-	-	-	-	
FTE	5.50	4.75	4.30	0.45	9.47%

4. AM - Operating Budget Plan Comparison to Forecast (3)

		Operating Data		Operating Variance	
	LAB	Operating Budget	Forecast @ 12/31/08	Value	%
State Government Svc. Charges					
Beginning Balance	-	-	-	-	N/A
Revenues	4,252,875	4,252,875	4,259,353	6,478	0.15%
Expenditures					
Personal Services	-	-	-	-	N/A
Supplies & Services	4,252,875	4,252,875	4,259,353	(6,478)	-0.15%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	-	-	-	-	N/A
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	-	-	-	-	N/A
AM All Others					
Beginning Balance	1,620,494	1,458,530	1,458,530	-	0.00%
Revenues	517,845	1,739,411	1,074,534	(664,877)	-38.22%
Expenditures					
Personal Services	262,755	180,743	330,256	(149,513)	-82.72%
Supplies & Services	14,162	24,721	49,542	(24,821)	-100.40%
Capital Outlay	271,871	271,871	-	271,871	100.00%
Contracts/Special Payments	-	-	-	-	N/A
Indirect	-	-	-	-	N/A
Ending Balance	1,589,551	2,720,606	2,153,266	(567,340)	
FTE	1.00	1.23	1.77	(0.54)	-43.90%
Reimbursement Fund					
Beginning Balance	-	-	-	-	N/A
Revenues	300,000	290,295	388,448	98,153	33.81%
Expenditures					
Personal Services	-	256,244	238,219	18,025	7.03%
Supplies & Services	-	34,051	150,229	(116,178)	-341.19%
Capital Outlay	-	-	-	-	N/A
Contracts/Special Payments	300,000	-	-	-	N/A
Indirect	-	-	-	-	N/A
Ending Balance	-	-	-	-	
FTE	-	1.70	-	(1.70)	-100.00%
Program TOTALS					
Beginning Balance	1,620,494	1,458,530	1,458,530	-	0.00%
Revenues	22,985,867	23,804,565	22,192,812	(1,611,753)	-6.77%
Expenditures					
Personal Services	14,770,866	14,330,104	13,339,613	990,491	6.91%
Supplies & Services	7,039,773	7,325,199	7,770,773	(445,574)	-6.08%
Capital Outlay	537,208	537,208	187,063	350,145	65.18%
Contracts/Special Payments	649,978	349,978	195,297	154,681	44.20%
Indirect	18,985	-	5,330	(5,330)	N/A
Ending Balance	1,589,551	2,720,606	2,153,266	(567,340)	
FTE	85.48	80.80	76.84	3.96	4.90%



CITY OF COBURG • P.O. BOX 8316 • COBURG OREGON 97408 • 541-485-6266 FAX 541-485-0655

(541) 682-7850

April 17, 2009

Chair, Members of the Environmental Quality Commission

My name is Milo Mecham, I am here representing the City of Coburg. I can be contacted at LCOG, 859 Willamette Street, Eugene, 97401

If you travel up and down I-5 you are probably aware of Coburg as a small town known for its historic district, its antique stores and its presence along I-5 as the major home of RV manufacturing in Oregon. Even with the down turn and what are hoped to be at least partially temporary layoffs in the RV industry, more people work in Coburg than live in Coburg.

You may not know of Coburg as the largest city along I-5 that still does not have a sewer system. But that is why I am here today. Coburg is at the upstream of a groundwater management area that extends miles to the north. While there are other sources, there is no doubt that Coburg's hundreds of old septic systems contribute to the problem.

Coburg is now started on the construction of an entirely new wastewater system. After years of some dithering and some earnest efforts to construct a system, Coburg has now actually broken ground and is building a state of the art wastewater system that will produce clean effluent that Coburg hopes to be able to use for irrigation of parks and residential landscapes within the City.

But it is a very expensive project for a city of 1070 people. The current cost estimate is that the system will cost more than $24 million dollars.

Component	**Cost**
Collection System	$8,942,000
Treatment	$9,579,000
Reclamation System	$1,392,000
Other (Engineering, Project Management, Land, etc.)	$4,646,000
Total Construction Costs	**$24,559,000**
Total Grants Secured	$6,200,000
Total Amount to be Borrowed	$18,359,000
Loan: DEQ CWSRF loan total	$8,125,436
Loan: RUS	$6,000,000
Loan: OECDD	$1,000,000
Uncommitted loan outstanding	$3,233,564

Coburg needs ARRA funds to complete the funding of its wastewater project, to complete the construction of a wastewater system. But because the Proposed Rules are stricter than necessary under the American Reinvestment and Recovery Act (ARRA), Coburg might not receive ARRA funds.

The way the Proposed Temporary Rules are written Coburg would not be eligible because under Section (3) of OAR 340-054-0104, Coburg is deemed to have an executed loan agreement, executed prior to October 1, 2008.

Coburg understands that the purpose of the date restriction was to be certain that ARRA funds were spent on new projects, and were not used to simply replace existing, more expensive money, or to refinance old loans. Coburg believes that the Proposed Rules can be amended in a way that preserves the intent of the ARRA restrictions, and yet will also make Coburg and other equally worthwhile projects around the state eligible to compete for ARRA funds.

Other agencies, around the nation, and in Oregon, have interpreted the same language in the Act differently, in a manner that allows for worthwhile projects that will create or preserve jobs to compete for ARRA funds if they are clearly distinguishable from other projects that may have been funded before October 1, 2008. Representatives of Coburg have discussed this question with representatives of the EPA in Washington, D.C. These EPA representatives communicated to Coburg that they believed that it would be consistent with the EPA expectations if the unfunded portions of projects were separated into segments that could be considered different enough to qualify for ARRA funding.

I have prepared a suggested change to Section (3) of OAR 340054-0104. It does not require a very large change to address Coburg's problem because Coburg should be qualified under the ARRA. The change to the Proposed Rule necessary to qualify Coburg is just three words; the addition of the words "any portion of." I have added some qualifications to help make it clear that the restrictions keep faith with the intent of the ARRA.

The City of Coburg urges the Commission to consider the proposed amendments submitted to the Commission at this time. The proposed amendment will bring the Proposed Rules more in conformity with the ARRA.

Thank you.

MECHAM Milo R

From: Berick, Dave (Wyden) [Dave_Berick@wyden.senate.gov]
Sent: Tuesday, March 31, 2009 2:11 PM
To: KENT Jamon (LCOG); kirk@sda-inc.com; CHADA Juine (SMTP); FORE Karmen (OR); Dane, Allison
Cc: WATSON Mike (SMTP); VOLTA Judy; SCHUESSLER Don; MECHAM Milo R; GIBONS Craig
Subject: RE:

I guess I still don't understand the view that just because a project is partially financed, it therefore fully financed. I completely understand ARRA dollars not being available to refinance, but I don't understand the position that ARRA dollars cannot be added on top of existing debt.

From: KENT Jamon (LCOG) [mailto:JKent@lcog.org]
Sent: Tuesday, March 31, 2009 5:06 PM
To: kirk@sda-inc.com; Berick, Dave (Wyden); Chada, Juine (Wyden); FORE Karmen (OR); Dane, Allison
Cc: WATSON Mike (SMTP); VOLTA Judy; SCHUESSLER Don; MECHAM Milo R; GIBONS Craig
Subject:

Today Coburg met with Jamie Isaza and via telephone Rick Watters. Both were supportive of helping Coburg qualify for ARRA funding but in the end DEQ's interpretation of the language does not provide Coburg with many options.

Short version - the only option is for DEQ to end Coburg's current 20 year $6.2 million loan at 2.81% interest and take the risk of applying for and being awarded ARRA funding with 75% forgiveness. ARRA loans in Oregon are for a maximum of $5 million per award.

The main reason for DEQ's decision is their interpretation of the refinancing section of the ARRA memorandum to Water Management Division Directors Regions I-X dated Mar 2, 2009. Rick Watters advised Coburg that two attorneys from EAP had stated that the Oct 1, 2008 language included both initial debt incurred on or after Oct 1, 2008 and loans signed on or after that date.

Of course if this is in fact correct Coburg cannot divide the original loan into separate parts to qualify for ARRA funds since the original loan was signed prior to Oct 1, 2008.

We tried several options and each one filtered back to the date of signing of the original loan. Thus DEQ's option for Coburg to end the current loan and risk applying for ARRA funding.

Rick Watters is emailing the EPA attorney asking him to confirm his interpretation. I have a copy of the email and will let you know what the attorney says.

Coburg has an application on file with the DEQ for ARRA funds for the reclamation system which is a different system than that planned in the original loan. DEQ will evaluate this request but should they determine that the reclamation portion of the project is required as part of the wastewater system it would fall under the original loan and could not qualify for the ARRA funds.

Mike Watson, City Council President, was at the meeting and let DEQ know that as one member of the council he could not support closing the current loan. He would advise the Mayor and someone from Coburg would confirm the city's position.

I guess the key question is the interpretation of the language found in the March 2, 2009 Memorandum to Water Management Division Directors Regions I-X page 15 section D.

"Funds appropriated under ARRA may not be used to provide assistance for the purpose of purchasing or refinancing municipal debt or restructuring outstanding SRF loans unless the initial debt was incurred on or after October 1, 2008. Congress has stated as a goal of providing these funds that funds should be used in a manner that maximizes job creation and economic benefit, and therefore, EPA encourages States to use the funds in such a manner to meet this goal."

.....jamon

Jamon Kent
Lane Council of Governments
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Eugene, OR 97401-2910
541-682-4511
541-682-4099 Fax
jkent@lcog.org

CITY OF COBURG
PROPOSED AMENDMENT TO TEMPORARY RULE OAR 340-054-0104

340-054-0104

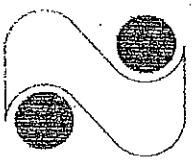
Use of Funds, Intended Use Plan under the Act

(3) Existing loan agreement. A borrower with a loan agreement executed prior to October 1, 2008 is not eligible to receive funding under the Act for any portion of the project funded with that existing loan. To be considered eligible for division of a project funded with an existing loan into separate projects, some of which might be eligible to receive funding under the Act, an applicant must show:

(a) that, when separated into logical component parts (i.e., engineering, collection system and treatment system) the existing loan obligation is insufficient to fund the project as a whole and could be applied so that no previously obligated funds would be spent on the component part of the project for which Act funds are being sought,

(b) no CWSRF funds have been spent on the component part of the project for which Act funds are being sought so that there will be no element of refinancing or replacing an existing CWSRF loan, and

(c) the separate component part for which Act funds are being sought otherwise qualifies for Act funds when considered as a separate project.



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2009 Session
Joint Committee on
Ways and Means
Natural Resources Subcommittee
Bill #: SB 5521
Pages: 2
Date: 4-15-09 Exhibit #: 13

NATURAL RESOURCES SUBCOMMITTEE
Joint Ways and Means Committee
April 15, 2009

SENATE BILL 5521
DEPARTMENT OF ENVIRONMENTAL QUALITY
BUDGET TESTIMONY

For the record, I am Kathryn VanNatta, Governmental Affairs Manager of the Northwest Pulp and Paper Association (NWPPA). Our members operate nine pulp and/or paper mills in Oregon. Our Oregon workers produce and ship more than $3.3 billion a year in paper products throughout the world. Our companies make essential products from renewable and recyclable resources that sustain the environment.

NWPPA member companies are large fee payers and hold air, water and solid and hazardous waste permits issued by the Department of Environmental Quality (DEQ). NWPPA is an active member of Department advisory and work groups participating in forming public policy and a regularly provides comments on Department rulemakings.

In the last 14 years on behalf of NWPPA, I have participated in numerous advisory groups including the Blue Ribbon Committee reviewing the wastewater permitting program, two water quality standard review processes, two enforcement advisory groups and the Willamette River Total Maximum Daily Load Council. I regularly attend Environmental Quality Commission meetings and I am also a member of the Board of Directors for the Lower Columbia River Estuary Partnership. In summary, NWPPA and our members are active agency stakeholders beyond the legislature.

Budget Cuts

NWPPA asks the Subcommittee, as they pare down the agency budget, to be mindful of the need for timely permitting and policy services to Oregon's manufacturing industries. Our manufacturers require permits to operate in order to comply with federal and state laws and ensure environmental protection. A key need for manufacturing is permitting programs with appropriate policy support. As you form the budget, we ask you consider funding basic agency services before any new or additional programs. NWPPA supports the Department's notion of "last-in first-out" for prioritizing agency work. The agency should strive to retain their knowledgeable and highly skilled staff in the permitting and policy areas. These employees are key to supporting DEQ's permitting work essential for Oregon's manufacturing economy and Oregon's national reputation as an environmental leader. As our economy returns to normal DEQ must be staffed to support permitting and the opportunity for economic growth.

Fees

In 2009, NWPPA adopted an unprecedented policy of, "no new or increased fees" instead of our usual policy of appropriate and adequate fees to support agency work directly related to the fee. The only Policy Option Package (POP) NWPPA supports is:

- POP 119 – Title V Air Operating Permits housekeeping fee change in SB 104

NWPPA acknowledges that DEQ is working on lowering the original FTE request in POP 110 (SB 103, SB 80 and/or other bills) on greenhouse gas reporting fees. NWPPA appreciates the work of Andy Ginsberg during these unprecedented economic times to address the needs of fee payers and the collection of necessary data for continuing agency work on carbon policy.

NWPPA opposes any fee in POP 110 (SB 80) on a small number of air sources to support a cap and trade program and continuing Department policy work for the Western Climate Initiative on a regional cap and trade carbon policy.

NWPPA opposes any fee based on biomass emissions to support Oregon carbon policy work. NWPPA believes that biomass emissions from boilers should be considered carbon neutral for any state policy and for agency fees. Our reasoning is that a policy of carbon neutrality for biomass encourages distributed energy generation from biomass rather than fossil fuels. Nationally, the forest products industry is a leader in generating and using renewable energy – 28.5 million megawatts annually. On the average our facilities meet 66 percent of our energy needs from renewable biomass energy produced on site. Oregon mills are also your recycling leaders by recycling paper to avoid methane emissions and reduce waste. We ask that you recognize our leadership and commitment to renewable energy generation.

NWPPA suggests that the Department and the Natural Resources Subcommittee work with stakeholders to fully and adequately fund further Department work on climate policy whatever the result of the current carbon policy debate in the legislature.

Closing

Thank you for the opportunity to provide testimony on SB 5521. I can be contacted at 503-844-9540 or 503-805-8511 to answer any questions.

oregon association of CLEAN WATER agencies

Working with more than 80 community wastewater treatment agencies to protect Oregon's water

537 SE Ash, Suite 12
Portland, Oregon 97214
(503) 236-6722 Fax (503) 236-6719
www.oracwa.org

Testimony before the Environmental Quality Commission

April 17, 2009

Support of Amendments to the State Revolving Loan Fund Rules

Chairman Blosser and Members of the Commission:

The Oregon Association of Clean Water Agencies is a private, not-for-profit organization of wastewater treatment and stormwater management agencies, along with associated professionals. Our statewide 119 members are focused on protecting and enhancing Oregon's water quality.

ACWA Supports Proposed Rules

ACWA strongly supports the proposed temporary rules before you, detailing how Oregon DEQ will partner with Oregon communities to invest our portion of the 2009 American Recovery and Reinvestment Act. We appreciate our strong working relationship with Oregon DEQ and its willingness to involve local governments in developing this approach to the additional federal stimulus dollars dedicated to clean water infrastructure projects in Oregon.

City of Riddle Benefits from Proposed Rule as an Example

One of our members, the City of Riddle, is an excellent example of the way these projects will directly benefit communities struggling to meet clean water requirements. The City of Riddle has an aged and inadequate wastewater treatment plant, not able to meet the current needs of the community. The City has just completed construction on improvements to its collection system, and must now address the needs of its wastewater treatment plant.

Additional pollution control measures are necessary to meet the TMDL requirements of its discharge stream - - Cow Creek - - a tributary of the Umpqua River. The Umpqua River is water quality limited for nutrients, and the new facility Riddle must install nutrient removal. The planned renovated treatment plant will use biological nutrient removal, have a new influent pumping station and headworks, in

addition to two new clarifiers and moving to non-chlorine UV disinfection. Energy conservation measures have been incorporated for the pumps and blowers, and the City is in discussions with the Energy Trust of Oregon regarding incorporating solar power into the project.

The City has been aggressive in targeting financing assistance for these water quality improvement projects. Even with Community Development Block Grant (CDBG), US Department of Agriculture Rural Development (USDA), and Oregon Economic and Community Development Department (OECDD) financing, Riddle sewer bills were estimated to be well in excess of $100 per month. Riddle has a low-moderate income rate of 65% of the population- - well above the Douglas County average of 40%. Under the rules proposed today, Riddle will likely be able to benefit from a 75% principal forgiveness loan with the remaining 20-year loan at 0% interest, for the initial $5 million investment. This will lower the estimated monthly sewer rate for Riddle residents by $30 per month. Even this sewer rate is very high for the residents, and the City is continuing to identify ways to reduce the project costs. EQC action to provide principal forgiveness and additional economic stimulus funding for wastewater facilities will benefit Riddle both by reducing monthly sewer rates **and** from the associated engineering and construction jobs.

Energy Efficiency and Renewables at Wastewater Treatment Plants

ACWA is also interested in sustainable wastewater infrastructure, and supports the green project reserve incorporated into the temporary rules. We are partnering with DEQ, along with the Energy Trust of Oregon and the Bonneville Power Administration, to hold a one-day training program for all communities on the Intended Use Plan and their consulting engineers to ensure information on energy efficiency and renewable power opportunities and incentive programs, is incorporated into new Oregon wastewater projects as appropriate.

We urge the EQC to adopt the Clean Water State Revolving Loan Fund temporary rules as presented to you by the Department and look forward to continuing to work with you and the DEQ to promote sustainable infrastructure funding for Oregon.

Energy Trust of Oregon
851 SW Sixth Avenue, Suite 1200
Portland, Oregon 97204

Telephone: 1-866-368-7878
Facsimile: 503-543-6862
energytrust.org

EnergyTrust of Oregon

Energy Funding Resources for Publicly Owned Treatment Works

Wastewater and water treatment plants across Oregon face challenges of growing demand, rising energy costs, increased regulatory requirements and outdated equipment and facilities. The Oregon Association of Clean Water Agencies (ACWA) and Energy Trust of Oregon are working together to help municipalities meet these challenges.

ENERGY TRUST OF OREGON

Energy Trust of Oregon provides cash incentives to operators of treatment plants to improve production and energy efficiency and invest in renewable energy technologies, including biomass, solar, wind and hydroelectric. Energy Trust serves Oregon customers of Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas. The following are provided:

- Free technical assistance and cash incentives for energy efficiency improvements at water and wastewater systems, including blowers, pumps, motors, and lighting. Cash incentives for custom improvements equal $0.32/annual kilowatt-hour saved up to 50 percent of eligible project costs. Other cash incentives available for lighting and premium efficiency motors.

  For more information, visit http://www.energytrust.org/pe/water.html

- Cash incentives for one or more solar electric systems with a total combined capacity of 200 kilowatts. Incentives vary based on the local electric utility and range from $1.15 to $2.00 per kilowatt. The maximum incentive is $280,000.
- Multi-site solar incentives may also be available for a solar electric system with a total combined capacity up to 800 kilowatts or a maximum incentive of $800,000.
- Energy Trust also provides assistance in evaluating third-party financing arrangements for solar installations that can help municipalities realize the benefits of state and federal tax credits and accelerated depreciation. Working with a business partner, you can lock in a stable, long-term price, comparable to today's utility rates, from power generated on your roof.

  For more information, visit
  http://www.energytrust.org/solar/commercial/nonp_gov.php

- Matching funds up to $30,000 to study the feasibility of generating electricity by burning methane from wastewater treatment plant anaerobic digesters. The study fully identifies potential system flaws, determines project costs, and provides next-steps for engineering and permitting. Energy Trust typically provides matching funds for feasibility studies, up to a maximum of $30,000.

- Cash incentives for anaerobic digestion installations are based on a project's above-market costs. There is no cap or fixed percentage.

  For more information, visit http://www.energytrust.org/bio/anaerobics/wastewater/

- A free, initial determination of whether you have the appropriate conditions for hydroelectric generation. In municipal water systems the energy loss at a pressure-reducing valve may represent an opportunity to generate electricity, while maintaining the valve's critical function.

- Matching funds up to $30,000 for a hydroelectric feasibility study to fully identify potential system flaws, determine project costs, and provide next-steps for engineering and permitting.

- Cash incentives for hydroelectric installations are based on a project's above-market costs. There is no cap or fixed percentage.

  For more information, visit http://www.energytrust.org/hydro/index.html.

- Cash incentives for small wind turbines up to 50 kilowatts based on $3,750 per meter of rotor blade diameter or $4,000 per rated kilowatt, whichever is less, up to $60,000.

- For larger community wind installations, Energy Trust funds a no-cost Anemometer Loan Program to assess wind quality at proposed sites. Anemometers are measuring devices that provide valuable data on wind quality and speed to evaluate a site's suitability.

- Cash incentives for community wind installations are based on a project's above-market costs. There is no cap or fixed percentage.

  For more information, visit http://www.energytrust.org/wind/index.html

For more information on Energy Trust programs for publicly owned treatment plants, contact Thad Roth, thad.roth@energytrust.org, 503-445-7632.

STATE OF OREGON

Oregon Department of Energy, Oregon Economic and Community Development Department and the Department of Environmental Quality provide a number of programs to support energy efficiency and renewable resources at publicly owned treatment plants.

Business Energy Tax Credits are available for conservation retrofit projects that are 10 percent more efficient than existing installation and/or reduce energy use by at least 10 percent compared to a similar building that meets the minimum requirements of the state energy code. The tax credit is 35 percent of the incremental costs of making the project exceed energy code or standard industry practice. New construction projects must have a simple payback of one to 15 years.

For more information, visit http://www.oregon.gov/ENERGY/CONS/BUS/BETC.shtml

Business Energy Tax Credit Pass-through Option allows a project owner to transfer a tax credit to a pass-through partner in return for a lump-sum cash payment upon completion of the project. The Pass-through Option now allows non-profit organizations, schools, governmental agencies, tribes, other public entities and businesses without tax liability to use the Business Energy Tax Credit by transferring their tax credit for an eligible project to a partner with a tax liability. When the Pass-through Option is used, the pass-through partner pays the project owner a lump-sum payment calculated using the pass-through rate. The pass-through rate takes into account the value of the money over time and other factors.

For more information, visit
http://www.oregon.gov/ENERGY/CONS/BUS/tax/pass-through.shtml

State Energy Loan Program provides low-interest loans for Oregon projects that promote energy conservation and renewable energy resource development. The Energy Loan Program can loan to individuals, businesses, schools, cities, counties, special districts, state and federal agencies, public corporations, cooperatives, tribes, and non-profits.

For more information, visit http://www.oregon.gov/ENERGY/LOANS/selphm.shtml

For information about Oregon Department of Energy programs, contact Mark Kendall, mark.w.kendall@state.or.us, 503-378-6043.

Special Public Works Fund

- Loans for planning and construction projects to support economic and community development, including extension of wastewater lines to new industrial development. Construction grants up to $500,000 based on immediate job creation of $5,000 per job. Sixty percent of grants must be in rural communities.
- Planning grants available on semi-annual competitive basis for renewable energy feasibility studies up to $50,000 or 75 percent of project cost, whichever is less.

For more information, visit http://www.oregon.gov/ECDD/CD/program/spwf.shtml

- Renewable energy feasibility studies must be for the generation of electricity or heat from a renewable resource or for the production of a renewable fuel.

For more information, visit http://econ.oregon.gov/ECDD/CD/REFF/home.shtml

Waste/Waste Financing Program

- Loans for construction projects for wastewater systems to achieve and maintain water quality standards, including minimizing full life cycle costs of operation, maintenance and replacement. Some construction grants are available for distressed communities, up to $750,000, depending on median household income and user rates.

- Grants ($20,000) and loans ($20,000) for facility plans for communities under 15,000 population

For more information, visit http://www.oregon.gov/ECDD/CD/program/wtrww.shtml

For information about Oregon Economic and Community Development Department programs, contact Jim Zelenka, Jim.Zelenka@state.or.us, 503-986-0136.

Clean Water State Revolving Fund

- Six different types of low-cost loans for planning, design, construction, emergencies, urgent repairs and community projects, including wastewater system plans and studies and secondary or advanced wastewater treatment facilities.

- Loan terms of five to 20 years, depending on the type of loan.

- Interest rates change quarterly, based on a percent of the national average municipal bond rate.

For more information, visit http://www.deq.state.or.us/wq/loans/loans.html or contact Larry McAllister, mcallister.larry@deq.state.or.us, 503-229-6412.

BONNEVILLE POWER ADMINISTRATION

Bonneville Power Administration (BPA) is a wholesaler of electric power in the Northwest serving over 100 utility customers. BPA offers financial incentives, through their customer utilities, for specific energy efficiency installations. Check with the local serving utility to learn more about the incentives and programs that are offered.

For more information, visit: http://www.bpa.gov/corporate/contact/links.cfm

BPA has a long history of supporting and advancing the role of industrial energy efficiency in the Northwest. Currently the Conservation Acquisition Agreement (CAA) and the Conservation Rate Credit (CRC) are the major mechanisms to acquire industrial savings through the serving utility.

The Industrial Focus is an aggressive effort to gain energy efficiency in the industrial sector through traditional methods, and through Technical Service Proposals that allow experts in the field of industrial energy technology to propose projects at industrial facilities in the Region.

http://www.bpa.gov/Energy/N/projects/industrial/

For more information, contact Erik Boyer, ebboyer@bpa.gov, 509-625-1392.

UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT

USDA Rural Development (RD) delivers a variety of assistance programs to public bodies (e.g. municipality, county, district or authority), nonprofit organizations and Indian tribes for water and wastewater system predevelopment planning, construction, improvements, expansions and repairs. Several RD programs specifically target energy efficiency and renewable resource projects within these facilities.

Community Programs

Water & Waste Disposal Loans & Loan Guarantees (WWD Loans) are available to finance water and waste disposal projects in rural areas. Eligible areas include unincorporated areas and cities with service area populations of 10,000 or less. Funds can be used for water, sewer, solid waste or storm wastewater disposal facility construction, renovation and associated project costs. Projects must be modest in size, design and cost. Assistance amounts typically range from $250,000 to $5 million.

Water & Waste Disposal Grants (WWD Grants) are available to finance water and waste disposal projects in financially needy communities in rural areas. Eligible areas include unincorporated areas and cities with service area populations of 10,000 or less, and where median household income (MHI) of the service area does not exceed $41,230. Funds can be used for water, sewer, solid waste or storm wastewater disposal facilities and professional service fees. Funds are used to reduce the end user cost of services. Assistance amounts typically range from $100,000 to $2 million.

Emergency Community Water Assistance Grants (ECWAGs) are available to finance water projects in rural areas that have experienced a significant decline in water quality or quantity. Eligible areas include unincorporated areas and cities with service area populations of 10,000 or less. Funds can be used for water system improvement to alleviate source or distribution problems and restore safe drinking water. Priority is given to rural areas under 5,000 population and communities with a MHI below $37,000. Assistance is limited to $150,000 for water distribution systems and $500,000 for water source systems.

Predevelopment Planning Grants (PP Grants) are available to assist in developing application for RD financial assistance. Eligible areas include unincorporated areas and cities with service area populations of 10,000 or less, with priority being given to populations under 1,000. Funds can be used to cover the costs associated with developing a complete application for an RD loan or grant. Priority is given to the smallest communities having MHI below $32,984 and for projects with greater than 50% non-federal funding. Assistance amounts typically range from $10,000 to $15,000.

For more information on the USDA Community Program Assistance Programs, visit http://www.rurdev.usda.gov/or/util.htm or contact USDA directly:

- ***John Brugger, Community Programs Director, john.brugger@or.usda.gov, 503-414-3362***
- ***Brian Otten, Community Programs Specialist, brian.otten@or.usda.gov, 503-414-3336,***

HB 2015-3
(LC 2028)
4/16/09 (DLT/ps)

PROPOSED AMENDMENTS TO
HOUSE BILL 2015

On page 1 of the printed bill, line 2, after "gas" insert "; and declaring an emergency".

Delete lines 4 through 25 and delete page 2 and insert:

"SECTION 1. Before an applicant seeking to construct a liquefied natural gas terminal, or a pipeline directly related to the terminal, applies for or is issued a permit to appropriate water under ORS chapter 537 or an authorization for the use of state lands under ORS chapter 274:

"(1) The applicant must enter into a written agreement with this state in which the applicant agrees to compensate this state for all costs associated with the review and evaluation of any permit, authorization or certification related to the liquefied natural gas terminal and pipelines directly related to the terminal.

"(2) The Water Resources Director and the Director of the Department of State Lands shall:

"(a) Inform the Director of the State Department of Energy that an application exists for a permit to appropriate water under ORS chapter 537 or an authorization for the use of state lands under ORS chapter 274; and

"(b) Approve the application for the permit or authorization only if the Director of the State Department of Energy issues a written finding that:

"(A) A significant need exists within Oregon for natural gas that the liquefied natural gas terminal will meet;

"(B) Sources of natural gas in North America are insufficient to meet the significant need specified in subparagraph (A) of this subsection;

"(C) The price of natural gas derived from liquefied natural gas supplied by the terminal facility will not exceed the price of natural gas available from other sources of natural gas in North America; and

"(D) The operation of the liquefied natural gas terminal is consistent with Oregon's strategies for addressing climate change.

"SECTION 2. (1) In exercising this state's authority pursuant to the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., this state may not permit, certify or otherwise authorize a liquefied natural gas terminal, or any pipeline directly related to the terminal, that adversely affects the designated beneficial uses, including, but not limited to, commercial and recreational fishing, recreation, agriculture, fish and wildlife, of the waters surrounding the terminal and any pipeline directly related to the terminal.

"(2) The Department of Environmental Quality may not waive its rights under 33 U.S.C. 1341 regarding certification of a liquefied natural gas terminal.

"SECTION 3. The Environmental Quality Commission shall review water quality standards that are affected by section 2 of this 2009 Act in order to establish water quality standards consistent with that section. The Department of Environmental Quality shall submit the revised water quality standards to the Administrator of the United States Environmental Protection Agency pursuant to 33 U.S.C. 1313.

"SECTION 4. Section 1 of this 2009 Act applies to permits to appropriate water under ORS chapter 537 and authorizations for the use of state lands under ORS chapter 274 applied for or issued on or after

the effective date of this 2009 Act.

"SECTION 5. This 2009 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect on its passage.".

State of Oregon
Department of Environmental Quality Memorandum

Date: March 25, 2009

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda Item F, Temporary Rule Adoption: Amend the Clean Water State Revolving Fund Rules, OAR Chapter 340, Division 54
April 17, 2009 EQC Meeting

Why this is Important

In February, the U.S. Congress passed the American Recovery and Reinvestment Act of 2009. The act provides $4 billion of stimulus funding to states through the Clean Water State Revolving Fund loan program. A temporary rulemaking is needed to amend specific requirements within Oregon's Clean Water State Revolving Fund loan program to ensure the effective and timely implementation of the act's requirements.

Department Recommendation and EQC Motion

The Department of Environmental Quality recommends that the Oregon Environmental Quality Commission adopt the proposed temporary rule revisions to OAR Chapter 340, Division 54, as presented in Attachment A and the findings in Attachment B.

Background and Need for Rulemaking

DEQ administers Oregon's Clean Water State Revolving Fund loan program through support of an annual capitalization grant from the U.S. Environmental Protection Agency. Oregon's regular annual capitalization grant is about $10 million and, through the act, DEQ will be awarded an additional capitalization grant of about $44 million.

DEQ's current administrative rules do not allow for additional subsidizations required by the act. Without the proposed rule amendments, DEQ is not eligible to receive act funds.

DEQ recognizes the act's goal of expeditiously funding eligible projects that will preserve and create jobs and promote economic recovery. DEQ convened a financial work group to address this goal and the group provided recommendations for this rulemaking. DEQ also has worked closely with EPA to ensure this rulemaking complies with requirements of the act. The proposed rule revisions address the act's goal by defining what projects are eligible, how funds under the act are to be allocated to projects and what financial terms will be established.

Effect of Rule

The temporary rulemaking will establish rules in OAR 340-054-0098 through OAR 340-054-0108 (Attachment A). These rules will govern the use of funds provided by the act within the Clean Water State Revolving Fund loan program and will define the use of the funds, the types of eligible projects and activities, the allocation of the funds and specific financial terms.

In addition to proposing to adopt OAR 340-054 0098 through OAR 340-054-0108, DEQ made minor edits to OAR 340-054-0024, 0025 and 0035 to clarify the terminology used for design or construction loans. The language in OAR 340-054-0025 was modified to ensure that DEQ can update its Clean Water State Revolving Fund Intended Use Plan when necessary.

Commission Authority

The EQC has authority to take this action under Oregon Revised Statutes 468.020 and 468.423 - 468.440.

Stakeholder Involvement

DEQ worked closely with current applicants and various organizations including the Oregon Association of Clean Water Agencies, the League of Oregon Cities, Oregon Water Resources Congress, Association of Oregon Counties, Special Districts Association of Oregon and the Oregon Association of Conservation Districts. DEQ notified Oregon communities and public agencies about the availability of funds through the act in December, 2008, through both postal and electronic mail, and met with current applicants in December to provide information on potential federal stimulus funding. DEQ held a follow-up meeting on March 5 to provide updated information and answer questions. A financial work group was also convened to discuss options for providing subsidization as required by the act.

Public Comment

Public comment is not required for a temporary rulemaking and did not occur for this rulemaking. It was necessary for DEQ to proceed with temporary rulemaking without public comment to make sure Oregon would be eligible for the additional capitalization grant. DEQ will collect public comments as part of the permanent rulemaking scheduled to follow this temporary rulemaking.

Key Issues

The act requires funded projects to be under contract or under construction by February 16, 2010. Wastewater improvement projects typically take more than a year to plan, design, secure contracts and begin construction. Because DEQ anticipates receiving the capitalization grant by early June, we are encouraging

applicants to complete all loan application requirements now.

The act also requires at least 50 percent of the capitalization grant to be used for additional subsidization. The intent of the act is to produce the greatest economic stimulus while targeting communities otherwise not able to afford necessary water quality infrastructure improvements. Providing principal forgiveness on loans is one subsidization option allowed by Oregon law.

Data indicates the cost per capita for addressing wastewater infrastructure needs is consistently higher for small communities. DEQ determined it could best meet the intent of the act, including the subsidization requirement, by offering loans with 75 percent principal forgiveness and a zero percent interest rate to small communities of less than 5,000 people. In an effort to provide reasonably sized loans to as many communities as possible, a $5 million limit is set for each loan.

The act identifies October 1, 2008, as the eligibility date for projects, rather than February 17, 2009, the date the act was signed. Loans made before October 1, 2008, are not eligible for funding under the act. DEQ made this determination based on discussions with the Oregon Economic and Community Development Department, the agency implementing the drinking water state revolving fund program, and other states.

Next Steps

If adopted at the April 17, 2009, commission meeting, these temporary rules will be filed with the Secretary of State's Office and Legislative Council in late April. DEQ will publish and accept public comment on its Clean Water State Revolving Fund Intended Use Plan that will outline how the act's funds will be used. After the public comment period, EPA will process DEQ's capitalization grant application and it funds should be available for loans by June. Permanent rulemaking will begin in April.

Attachments

A. Redlined Version of Proposed Rule Revisions
B. Statement of Need and Justification

Available Upon Request

1. DEQ's Implementation Plan of the 2009 American Recovery and Reinvestment Act
2. EPA Guidance document on awarding capitalization grants under the act

Approved:

Section: Karin Carlson for Judy Johndohl

Division: [signature] for Neil Mullane

Report Prepared By: Larry McAllister

Phone: (503) 229-6412

Attachment A
April 17, 2009 EQC Meeting

The Oregon Administrative Rules contain OARs filed through January 15, 2009

DEPARTMENT OF ENVIRONMENTAL QUALITY

DIVISION 54

CLEAN WATER STATE REVOLVING FUND PROGRAM

340-054-0024

Design Loans and Construction Loans

The Department will administer design loans or construction loans to address point source or nonpoint source pollution. Applications may be submitted in response to the Department's annual solicitation or at anytime during the program year. The Department may require different application forms for point source projects and nonpoint source projects.

(1) General Requirements and Provisions. Applicants applying for CWSRF financing for design loans or construction loans must submit:

(a) A fully executed and complete application on a form provided by the Department;

(b) A completed Checklist of Exhibits and Requirements and associated documents;

(c) Evidence that the Applicant has the authority to undertake the project;

(d) Audited financial statements for the previous three years and the Applicant's current budget (unless waived by the Department in its discretion);

(e) All pertinent requirements listed in OAR 340-054-0035; and

(f) Any other information requested by the Department.

(2) Design Loans ~~and~~ or Construction Loans. The Department will administer loans for activities that result in the design or construction of sewage facilities, nonpoint source control or estuary management projects. When approved by the Department, security measures intended to prevent intrusion or damage to such facilities or projects, or interruption of a facility or project's processes are eligible design or construction costs. Design loans ~~and~~ or construction loans have the following terms and conditions:

(a) The maximum loan amount must be in accordance with OAR 340-054-0025(6);

(b) If not implementing a sponsorship option, the interest rate and corresponding loan terms for design ~~and~~ or construction loans must be in accordance with OAR 340-054-0065(5)(f), or OAR 340-054-0065(5)(g).

(c) The loan repayment period (as defined in the loan agreement) must begin on the outstanding principal and interest balance in accordance with OAR 340-054-0065(9); and

(d) The annual loan fee must be imposed on any unpaid balance in accordance with OAR 340-054-0065(7).

(3) Sponsorship Option for protection or restoration of water resources.

(a) A public agency (sponsoring community) may apply to the Department for a CWSRF loan to finance a sewage collection system or sewage treatment facility project combined with a water resource activity. Within this sponsorship option, the CWSRF program may fund both projects under a single CWSRF loan if the Department determines that the water resource activity meets program eligibility, funds are available, and the ranking of the sewage project allows its funding.

(b) The interest rate for the consolidated financing will be reduced whenever possible to a rate resulting in the semi-annual payment for the joint project being equal to the expected semi-annual payment with a traditional CWSRF loan for the sewage collection system or sewage treatment facility project only.

(c) A public agency that participates in this sponsorship option may either implement the water resource activity itself or may enter into a sponsorship agreement with an implementing partner who will implement the water resource activity. The sponsoring community remains responsible, however, for both the successful completion of the water resource activity and for the repayment of the CWSRF loan. The implementing partner will not be responsible for any repayment to the CWSRF program.

(d) All applicants for the sponsorship option must submit:

(A) A completed sponsorship application and project description using a form provided by the Department;

(B) Evidence that the sponsoring community and implementing partner (if an implementing partner is involved) have authority to undertake the water resource activity;

(C) An executed copy of the sponsorship agreement entered into with the implementing partner, if applicable; and

(D) Any other information requested by the Department.

(e) Financial terms of the sponsorship option will be as follows:

(A) The interest rate for the sponsorship option must be in accordance with OAR 340-054-0065(5)(h); and

(B) The requirements of OAR 340-054-0065 will be applicable to the sponsorship option except as specifically modified in this rule.

(f) The Department will determine the total amount of CWSRF funds to be allocated at the reduced interest rate through the sponsorship option in each program year.

Stat. Auth.: ORS 468.423 - ORS 468.440
Stats. Implemented: ORS 468.429 & ORS 468.439
Hist.: DEQ 10-2003, f. & cert.ef. 5-27-03

340-054-0025

Application Process; Project Priority List; Intended Use Plan; Allocation of Funds

The Department will periodically, but not less than annually, develop and submit an Intended Use Plan (IUP) to EPA as described in section 606 of the CWA and 40 CFR § 35.3150. The IUP will describe the proposed uses of the CWSRF and will include a project priority list numerically ranking all eligible applications received. The Department will develop the IUP using the following processes in this rule.

(1) Notice: The Department will notify interested parties at least annually of the opportunity to submit applications. Interested parties include, but are not limited to, watershed councils, counties, soil and water conservation districts, special districts and all of the incorporated cities listed in the current edition of the Oregon Blue Book.

(2) Applications: For a project to be considered for the project priority list, an Applicant must submit a completed application; the application must address an imminent, actual or threatened water quality problem; and the project must be eligible for funding under OAR 340-054-0015.

(3) Timing: In addition to applications received in response to the solicitation for applications indicated in OAR 340-054-0025(1), the Department will accept applications at any time.

(4) Project Priority List Ranking:

(a) The Department will develop a project priority list by ranking all eligible proposed projects using the criteria in **Table 1** of this rule. Projects will be numerically ranked based on the sum of the points awarded each proposed project. A maximum of one hundred (100) points is available for a proposed project.

(b) The Department will update the project priority list and the IUP at least every four months or upon receipt by the Department of five eligible applications, whichever timeframe is shorter. If no eligible applications are received during a four month period, the project priority list will not be updated.

Attachment A
April 17, 2009 EQC Meeting

TABLE 1

CWSRF Project Ranking Criteria

Category 1: Proposed Project's anticipated benefit for water quality or public health

1A--(0 or 8 points)--Project addresses water quality or public health issue within a "special status" water body

1B--(0-6 points)--Project addresses noncompliance with water quality standards, a public health issue or effluent limits related to surface waters

1C--(0-6 points)--Project addresses noncompliance with water quality standards or a public health issue related to groundwater

1D--(0-12 points)--Project ensures that a source already in compliance maintains that compliance.

1E--(0-8 points)--Project improves or sustains aquatic habitat supporting state or federally threatened or endangered species

1F--(0-12 points)--Project incorporates wastewater reuse or a water quality-related conservation process

1G--(0-7 points)--Project improves water quality by mitigating any of the following pollutants: temperature, dissolved oxygen, contaminated sediments, toxics on the EPA Priority Pollutants List, bacteria or nutrients

1H--(0-5 points)--Project supports the implementation of a Total Maximum Daily Load (TMDL) allocation or action plan for a Ground Water Management Area

1I--(0-6 points)--Project addresses a water quality or public health issue involving "Persistent Bioaccumulative Toxics" (PBT's)

Category 2: Potential water quality or public health consequences of not funding the proposed project

2A--(0-5 points)--If the proposed project is not implemented, water quality standards are likely to be exceeded or existing exceedances are likely to worsen

2B--(0-5 points)--If the proposed project is not implemented, the resulting impact is likely to cause a public health problem

2C--(0-5 points)--A unique opportunity to implement the proposed project currently exists due to timing, finances or other limitations that would not allow this project to be implemented in the future

Attachment A
April 17, 2009 EQC Meeting

Category 3: Other considerations

3A--(0-3 points)--Project has significant educational or outreach component

3B--(0-3 points)--Project demonstrates innovative technology which is transferable

3C--(0-3 points)--Project is a partnership with other group(s), incorporating self-help, financial or in-kind support

3D--(0-5 points)--Project incorporates monitoring, reporting or adaptive management

3E--(0 or 1 point)--Project addresses or includes risk management, safety or security measures

3F--(0-minus 5 points)--Applicant's past performance with previous Department loans or grants such as, but not limited to, failure to satisfy match requirements of a grant, failure to complete the project or failure to submit any other required deliverable in a timely manner.

(5) Draft Intended Use Plan, Public Notice and Review:

(a) The Department will update the IUP whenever changes are made to the PPL.

(b) With each update the Department will notify all applicants whose projects are included within the draft IUP of their ranking on the PPL.

(c) The Department will provide notice and an opportunity for the public to comment on proposed changes to the IUP, and will make the draft IUP available to the public.

(d) Except for revisions to the IUP resulting from applications for expedited loans, the Department will provide at least 30 days for public comments on the draft IUP. The Department will provide at least 5 days for comment on changes to the IUP resulting from new applications for expedited loans.

(e) During the comment period, any Applicant may request the Department to reevaluate a project's rank on the proposed project priority list or to make other changes to the IUP.

(f) The Department will consider all comments submitted during the comment period before finalizing the IUP.

(6) Allocation of Funds:

(a) During any Department program year (July 1 through June 30), no Borrower on the project priority list (including either loan increases or new project loans) may be allocated more than the greater of $2.5 million or 15% of the total available funds as reported in the initial IUP for that program year. If CWSRF moneys are available after allocating this limit to each eligible Applicant, additional funds may be allocated above this limit.

(b) The Department will establish the following funding categories within the CWSRF: Expedited Loan Reserve, Small Community Reserve, Planning Reserve, and general fund. The Department will first allocate annual funds to the three reserves in accordance with the criteria in sections (6)(c)(A), (6)(c)(B) and (6)(c)(C). Funds not allocated to one of the reserves will be allocated to the CWSRF general fund.

(c) The Department will assign projects on the priority list to an appropriate reserve or to the CWSRF general fund. Requests for increases to existing loans will be awarded first. Increases will be awarded from the appropriate reserve or the general fund. Following any allocations for increases, the Department will award loans to projects within each reserve and the general fund for new projects as described in sections (6)(c)(A), (6)(c)(B), (6)(c)(C) and (6)(c)(D)

(A) Expedited Loans Reserve. A reserve of $2 million will be established to fund expedited loans. The Director may increase the cap on this reserve. Individual urgent repair loans are limited to $150,000. The maximum amount available for a single emergency loan is $1.85 million. Emergency loans and urgent repair loans will be awarded in rank order. Unused funds still remaining in the expedited loan reserve on May 31 of the program year can be reallocated to the CWSRF general fund.

(B) Small Community Reserve. A maximum of 15% of the total CWSRF monies will be available in each program year for allocation to small community loans. Local community, design ~~and~~ or construction projects eligible within this reserve will be awarded loans in rank order.

(i) Each project allocation from this reserve will be for not more than the greater of $750,000 or 25% of the reserve, until all eligible small community requests have been allocated funds. If reserve funds still remain on March 1st of the program year, these remaining funds may be allocated to any unfunded portions of a small community loan request in the order the loan agreements were executed;

(ii) After reallocating as directed in OAR 340-054-0025(6)(c)(B)(i) above, any funds still remaining in the small community reserve can be moved to the CWSRF general fund.

(C) Planning Loan Reserve. A maximum of $3 million of the total CWSRF will be available in each program year for allocation to planning loans. Projects will be selected from the project priority list in rank order for this reserve.

(i) Each individual allocation from the planning loan reserve will initially not exceed $150,000. If reserve funds still remain on March 1st of the program year, these remaining funds may be reallocated to any unfunded portions of planning loan requests in the order the loan agreements were executed;

(ii) After reallocating as directed in OAR 340-054-0025(6)(c)(C)(i) above, any funds still remaining in the planning reserve can be moved to the CWSRF general fund.

(D) General Fund. All new design or construction project loans not funded from a reserve will be allocated from the general fund. Any remaining emergency or urgent repair, small community or planning projects not already allocated funds from their respective reserves, or allocated less than the total loan amount requested, may be awarded funding in rank order subject to available funds and the maximum loan amount for the program year.

(E) Loan Increases. Upon request, the Department may increase the funding for previously financed projects up to the maximum loan amount defined for each borrower in section 6(a) of this rule. These loan increases may be offered by either providing an additional loan at the current interest rate or increasing the amount of the existing loan. Awards for loan increases will be awarded in rank order.

(7) Project Priority List Modification:

(a) The following conditions apply to projects on the project priority list.

(A) Ranked projects may remain on the project priority list for up to 36 months while pursuing funding. After 36 months, the Department will notify the Applicant in writing that the project is being removed from the list.

(B) Applicants whose projects are removed from the project priority list because they have exceeded the 36 month limit may resubmit their projects to the program for ranking and incorporation into the next update of the IUP.

(C) The Department may provide one six-month extension to applicants requesting to remain on the list beyond the 36 month limit. Applicants requesting an extension must submit a progress report indicating the status of their effort in pursuing CWSRF financing and an updated time frame indicating when they expect to have completed all requirements necessary to be awarded funding.

(D) The Department may remove a project from the project priority list upon written notice to the applicant at any time the Department determines that the project does not meet eligibility requirements, the Borrower no longer requires CWSRF financing or the Applicant requests removal.

Stat. Auth.: ORS 468.423 - ORS 468.440
Stats. Implemented: ORS 468.433 & ORS 468.437
Hist.: DEQ 2-1989, f. & cert. ef. 3-10-89; DEQ 30-1990, f. & cert. ef. 8-1-90; DEQ 1-1993, f. & cert. ef. 1-22-93; DEQ 3-1995, f. & cert. ef. 1-23-95; DEQ 10-2003, f. & cert.ef. 5-27-03

340-054-0035

Final Stage of Application Process for Design Loans or Construction Loans

The Department will administer loans for design ~~and~~ or construction of both point source and nonpoint source projects.

Attachment A
April 17, 2009 EQC Meeting

(1) In addition to the loan application and items specified in OAR 340-054-0024(1), applicants applying for a CWSRF loan for a design or construction project must submit the following documents to be considered for loan approval:

(a) A planning document that the Department determines adequately documents the efficacy and appropriateness of the proposed project to remediate the identified water pollution control problem. For sewage collection systems or sewage treatment facilities, the planning document must meet the requirements of the Department's CWSRF Procedures Manual (February 1, 2008) and other planning guidance in effect at the time of submittal

(b) In accordance with OAR 340-018-0050, a Land Use Compatibility Statement (LUCS) from the appropriate planning jurisdiction demonstrating compliance with the Department of Land Conservation and Development's (DLCD) acknowledged comprehensive land use plan and statewide land use planning goals.

(c) An environmental review prepared in accordance with the requirements of the EPA approved State Environmental Review Process (SERP) described in the CWSRF Procedures Manual (February 1, 2008).

(d) Any other information requested by the Department.

(2) In addition to the requirements of section (1) of this rule, applicants for a CWSRF loan for the design or construction of sewage collection systems or sewage treatment projects must submit the following documents to be considered for loan approval:

(a) A Department approved sewer use ordinance adopted by all municipalities and service districts serviced by this project that meets the provisions of this section. The sewer use ordinances must prohibit any new connections from inflow sources into the sewage collection system; and require that no wastewater introduced into the sewage collection system contain toxics or other pollutants in amounts or concentrations that have the potential of endangering public safety or adversely affecting the project or precluding the selection of the most cost-effective alternative for the project.

(b) A demonstration that the Applicant has adopted a user charge system that meets the requirements of the User Charge System section of the CWSRF Procedures Manual (February 1, 2008).

(c) For projects serving two or more municipalities, the Applicant must submit the executed inter-municipal agreements, contracts or other legally binding instruments necessary for the financing, building and operation of the proposed sewage collection system or sewage treatment facility.

(d) In accordance with OAR Chapter 340, division 052, Applicants for construction-only loans must submit Department approved plans and specifications for the project as applicable.

(e) For projects with estimated costs in excess of $10 million, the Applicant must submit a value engineering study prepared in accordance with the requirements of the CWSRF Procedures Manual (February 1, 2008).

Stat. Auth.: ORS 468.423 - 468.440
Stats. Implemented: ORS 468.433 & 468.437
Hist.: DEQ 2-1989, f. & cert. ef. 3-10-89; DEQ 1-1993, f. & cert. ef. 1-22-93; DEQ 3-1995, f. & cert. ef. 1-23-95; Administrative correction 10-29-98; DEQ 10-2003, f. & cert.ef. 5-27-03; DEQ 2-2008, f. & cert. ef. 2-27-08

Funding under the 2009 American Recovery and Reinvestment Act (Act)

340-054-0098

Definitions

The following definitions apply to OAR 340-054-0098 through OAR 340-054-0108:

(1) "Act" means the American Recovery and Reinvestment Act of 2009, Public Law 111-5, signed into law on February 17, 2009.

(2) "Principal forgiveness" means the portion of the total amount borrowed that is not required to be repaid.

Stat. Auth.: ORS 468.020, ORS 468.440
Stats. Implemented: ORS 468.423 to 468.440

340-054-0100

Implementation within the Clean Water State Revolving Fund Program

(1) OAR 340-054-0098 through OAR 340-054-0108 prescribe the use of Act funds through the Clean Water State Revolving Fund (CWSRF) when such funds are available to the department.

(2) When Act funds are available to the department, these funds must be awarded to public agencies in accordance with the Act and are subject to the requirements of the Clean Water State Revolving Fund.

(3) All requirements for projects funded under the Act not specifically addressed in OAR 340-054-0098 through OAR 340-054-0108 are subject to OAR 340-054-0001 through OAR 340-054-0065.

Attachment A
April 17, 2009 EQC Meeting

Stat. Auth.: ORS 468.020, ORS 468.440
Stats. Implemented: ORS 468. 423 to 468.440

340-054-0102

Project Eligibility under the Act

(1) Eligibility for funding under the Act is the same as prescribed in OAR 340-054-0015(1) except for planning as defined in OAR 340-054-0010(38).

(2) The acquisition of land for any purpose, or the development or purchase of an easement are not eligible under the Act.

Stat. Auth.: ORS 468.020, ORS 468.440
Stats. Implemented: ORS 468.423 to ORS 468.440

340-054-0104

Use of Funds, Intended Use Plan under the Act

(1) Funding purpose. Notwithstanding OAR 340-054-0020, funding provided under the Act may be used only for the following CWSRF purposes:

(a) To make loans, or purchase bonds,

(b) To pay CWSRF program administration costs to the extent allowed by federal law.

(c) To earn interest on fund accounts.

(2) Loan Increases. Notwithstanding OAR 340-054-0025(6)(c), funds from the Act may not be used to increase a loan executed prior to February 17, 2009.

(3) Existing loan agreement. A borrower with a loan agreement executed prior to October 1, 2008 is not eligible to receive funding under the Act for the project funded with that existing loan.

(4) Loan reserve. Notwithstanding OAR 340-054-0065(2)(c)(B), the required reserve of any individual loan cannot be funded with CWSRF loan proceeds provided from the Act.

(5) Intended Use Plan (IUP):

(a) A project must be listed in the Intended Use Plan to be eligible for funding under the Act.

(b) Notwithstanding OAR 340-054-0025(5)(d), the department must provide at least 14 days for public comments on the draft Intended Use Plan.

Attachment A
April 17, 2009 EQC Meeting

Stat. Auth.: ORS 468.020, ORS 468.440
Stats. Implemented: ORS 468.423 to 468.440

340-054-0106

Allocation of Act Funds

Notwithstanding OAR 340-054-0025(6), funds made available by the Act must be allocated as follows:

(1) Project fund limit. Prior to September 1, 2009, an applicant on the project priority list may not be allocated more than $5 million of funds available under the Act.

(2) Additional funding. If funds are available on or after September 1, 2009, a borrower that has received funding under the Act may be allocated additional funding. The department may allocate the remaining funds to a borrower based on rank order not to exceed 25 percent or $2 million, whichever is greater. If funds still remain after reallocation, the balance of any remaining funds must be allocated in rank order.

(3) Green Project Reserve. The department must establish a green project reserve with 20 percent of the funding received under the Act for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. If the department determines and certifies there are insufficient eligible projects for funding under this reserve, the reserve may be allocated to other eligible projects under the Act.

(4) Funding categories. Funds available under the Act may not be used to establish an Expedited Loan reserve, a Small Community reserve or a Planning reserve.

Stat. Auth.: ORS 468.020, ORS 468.440
Stats. Implemented: ORS 468.423 to 468.440

340-054-0108

Financial Terms

Notwithstanding OAR 340-054-0065, the following financial terms apply to any loan funded under the Act.

(1) Interest rates. A loan may be provided at a zero percent interest rate.

(2) Principal forgiveness.

(a) A loan made to a small community as defined in OAR 340-054-0010(48) must include 75 percent principal forgiveness on the total amount borrowed.

(b) All other loans must include 50 percent principal forgiveness on the total amount borrowed.
(c) Principal forgiveness is granted upon execution of the loan agreement.

Stat. Auth.: ORS 468.020, ORS 468.440
Stats. Implemented: ORS 468.423 to 468.440

Attachment B
April 17, 2009 EQC Meeting

Department of Environmental Quality
Statement of Need and Justification
A Certificate and Order for Filing Temporary Administrative Rules accompanies this form.

Department of Environmental Quality, Water Quality Davison — **OAR Chapter 340**
Agency and Division — Administrative Rules Chapter Number

Rule Caption: Amend the Clean Water State Revolving Fund Rules

In the Matter of: Clean Water State Revolving Fund program, Chapter 340, Division 54

Statutory Authority: ORS 468.020; 468.423-468.440

Other Authority: American Recovery and Reinvestment Act of 2009 (Public Law 111-5)

Statutes Implemented: ORS 468.423-468.440

Need for the Temporary Rule(s):

The American Recovery and Reinvestment Act of 2009 was enacted in February to preserve and create jobs as an important means of stimulating the U.S. economy. The Act stipulates that $4 billion be allocated to fund water quality improvements through the nation's Clean Water State Revolving Fund (CWSRF) loan program. The Act requires funded activities be under contract or construction within 12 months of the date of enactment (by February 16, 2010).

The U.S. Environmental Protection Agency has allocated $44 million under the Act for a capitalization grant to the Department of Environmental Quality. The Act stipulates that states must meet certain financial requirements if they accept the grant. DEQ's administrative rules must be amended to include these federal requirements. The temporary rulemaking is necessary to allow DEQ to quickly comply with the Act.

DEQ intends to have temporary rules adopted in April, allowing EPA to award the grant to DEQ by June. Loan agreements signed before September 2009 are likely to result in projects that will meet the Act's 12-month timeframe.

Documents Relied Upon:
The following documents are available from the DEQ Water Quality Division, 811 SW Sixth Avenue, Portland Oregon. To make arrangements to review these documents call (503) 229-6412. These documents are also available online at http://www.deq.state.or.us/wq/loans/loans.htm

- The American Recovery and Reinvestment Act of 2009
- Environmental Protection Agency Memo dated 3/2/09 from the EPA Office of Wastewater Management and the Office of Ground Water and Drinking Water - guidance document on awarding capitalization grants under the Act
- Oregon Administrative Rules, Chapter 340, Division 54

Justification of Temporary Rule(s):
The commission finds that failure to adopt the temporary rule will result in serious prejudice to the public interest because it will have the following consequences:

The Act requires that all projects funded under the Act be under contract or construction by February 16, 2010. The Act also states that EPA's administrator shall reallocate any funds where projects are not under contract or under construction. Wastewater projects typically take considerably longer than a year to plan, design, contract work and begin construction. It is critical that DEQ provide loans as soon as possible after being awarded the grant. By pursuing temporary rulemaking, DEQ anticipates that funds will be available for loans by June 2009. If DEQ was required to

amend these rules through a permanent rulemaking, loan agreements would not occur until at least September 2009. Signing loans in September would require borrowers to have those funds under construction or contract within five months – a short timeline for construction projects. Such a timeline would increase the risk of those unobligated loan funds being reallocated by EPA in early 2010.

Failure to use the $44 million capitalization grant intended as economic stimulus for Oregon constitutes serious prejudice to public interest. Such a loss would be even more difficult to justify if it was solely due to a prolonged timeframe that can be avoided by implementing temporary rulemaking.

Housing Cost Impacts:
DEQ has determined that this proposed temporary rulemaking may have no measurable impact on the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square foot detached single family dwelling on that parcel

_____ _____

Dick Pedersen, Director *Date Signed*
(On Behalf of the Commission)

Environmental Quality Commission Meeting

April 17, 2009
Portland, Oregon

Neil Mullane and Judy Johndohl

Clean Water State Revolving Fund Temporary Rulemaking

Oregon's CWSRF Loan Program

- DEQ receives an average of $10 million annually in a federal capitalization grant
- 20% state match of the grant is required
- DEQ offers an average of $40 to $50 million annually for loans
- DEQ has provided about $716 million to 124 borrowers (public agencies) since 1990

American Recovery and Reinvestment Act

- Provides $4 billion in capitalization grants to states for CWSRF programs
- DEQ will receive about $44 million
- About $8.8 million (20% of cap grant) will be used for the Green Project Reserve
- DEQ will make available for loans the 4% administrative set aside
- Requires not less than 50% of the capitalization grant to be used for additional subsidization

Clean Water State Revolving Fund Temporary Rulemaking

Project Applicants and Federal Stimulus Funding

- To date the CWSRF program has received 162 applications totaling about $731 million
- Projects must be under contract or construction by February 17, 2010
- Projects must comply with the Davis-Bacon Act and must use iron, steel, and manufactured goods produced in the U.S.

Process for DEQ to Obtain the Act Capitalization Grant

- Prepare capitalization grant application to EPA Region 10
- Prepare an Intended Use Plan and provide opportunity for public comment
- Send capitalization grant application to EPA Region 10
- Execute loans beginning in June

Clean Water State Revolving Fund Temporary Rulemaking

Temporary Rule Changes

- DEQ must comply with federal requirements
- Reviewed existing loan agreements
- Funds may not be used for purchasing or refinancing municipal debt or restructuring outstanding loans unless initial debt was incurred after October 1, 2008
- 14 day public comment period for the Intended Use Plan

Financial Terms for Loans Under the Act

- Convened financial workgroup to determine financing options

  Ray Bartlett – Economic and Financial Analysis
  Jim Hagerman – City of Portland
  Doug Waugh – Clackamas County Water Environment Services
  Mark Yeager – City of Albany

- Three options – principal forgiveness, grants, and negative interest loans,

Clean Water State Revolving Fund Temporary Rulemaking

Comparison of Proposed Loan Types

Loan Type*	Principal	Interest	Fees (annual fee of 0.50%)	Total loan payment	Monthly rate/EDU**
Standard loan terms at 3.25% interest	$1,000,000	$377,957	$56,355	$1,434,312	$5.98
50% principal forgiveness up-front and 0% interest	$500,000	$0	$25,640	$525,640	$2.19
75% principal forgiveness up-front and 0% interest	$250,000	$0	$12,822	$262,822	$1.10

* Loan type based on a $1 million loan for a 20-year term
** Rate based on debt service obligation and cost per equivalent dwelling unit (EDU)

Allocation of Grant Funding

- $5 million limit for any loan executed prior to Sept. 1, 2009
- After Sept. 1, 2009 and if funds are still available, a borrower that received initial funding under the Act may by allocated additional funding
- 20% of the cap grant will be set aside for the Green Project Reserve

Clean Water State Revolving Fund Temporary Rulemaking

What's Next?

DEQ will:

- Follow this temporary rulemaking with permanent rulemaking at the October 2009 EQC meeting
- Continue to work with applicants to ensure requirements of the Act are met
- Follow through with reporting and certification requirements to meet Act requirements and state goals established by the Governor's Office for state agencies receiving stimulus funding

DEQ

State of Oregon
Department of
Environmental
Quality

Clean Water State Revolving Fund Loan Program Preliminary Applicants List

(Alphabetical by Applicant)

April 16, 2009

Applicant	County	Project Description	Amount Requested	Applicant Population
Adair Village, City of	Benton	I&I reduction	$1,258,400	930
Albany, City of	Linn	Constructed wetlands*	$14,500,000	48,770
Albany, City of	Linn	Oak Creek lift station and force main	$4,650,000	48,770
Amity, City of	Yamhill	Collection system and WWTP improvements	$1,140,000	1,480
Arch Cape Sanitary District	Clatsop	Collection system repairs and pump station upgrade	$225,600	110
Ashland, City of	Jackson	Membrane system upgrade at WWTP	$500,000	21,485
Ashland, City of	Jackson	Pump stations and trunk sewer	$1,100,000	21,485
Ashland, City of	Jackson	Ashland Creek riparian restoration	$315,000	21,485
Astoria, City of	Clatsop	Denver Street Storage	$8,831,203	10,080
Athena, City of	Umatilla	Wastewater disposal improvements	$1,480,000	1,270
Aumsville, City of	Marion	Improve effluent pumping and irrigation systems	$985,160	3,535
Bandon, City of	Coos	Disinfection equipment at WWTP	$268,605	3,300
Bay City, City of	Tillamook	Pump station and headworks upgrades	$2,122,500	1,265
Beaverton, City of	Washington	I&I control	$3,773,549	86,205
Beaverton, City of	Washington	Surface water runoff treatment	$409,000	86,205
Bend, City of	Deschutes	Improvements to treatment system - w/sponsorship	$17,200,000	80,995
Brookings, City of	Curry	Replace 7,794 feet of sewer pipe, manholes, laterals	$3,004,200	6,465
Brookings, City of	Curry	Replace 1,790 feet of undersized sewer pipe	$1,552,498	6,465
Brookings, City of	Curry	Biosolids treatment and disposal improvements	$3,870,000	6,465
Cannon Beach, City of	Clatsop	Land acquisition to protect water quality	$3,800,000	1,690
Canyonville, City of	Douglas	New outfall and difuser	$600,000	1,730
Canyonville, City of	Douglas	New WWTP headworks	$1,400,000	1,730
Canyonville, City of	Douglas	Facilities Planning	$200,000	1,730
Carlton, City of	Yamhill	Replace collector sewer pipes	$1,474,000	1,755
Central Oregon Irrigation District	Deschutes	Replace open canal with pipe*	$5,000,000	7,000
Central Point, City of	Jackson	Natural treatment systems for stormwater*	$1,961,816	17,160
Charlston Sanitary District	Coos	Relocation of Pump Station #3	$1,035,150	3,176
Clackamas County Service District #1	Clackamas	Power generation & switch gear building	$8,780,000	99,361
Clackamas County Service District #1	Clackamas	Collector sewers to replace onsite systems	$12,800,100	99,361
Clackamas County SWCD	Clackamas	Local Community Loan	$250,000	72,000
Clean Water Services	Washington	Dawson Ck. Pump station and force main	$17,500,000	522,514
Clean Water Services	Washington	Durham WWTP cogeneration facility*	$10,700,000	522,514
Coburg, City of	Lane	"Purple Pipe" to use treated effluent for irrigation*	$1,640,000	1,075
Coos Bay, City of	Coos	Replace outfall at Plant #1	$2,500,000	16,670
Coos Bay, City of	Coos	Reconstruction of Pump Station #5	$800,000	16,670
Coquille, City of	Coos	Wastewater Treatment Plant Upgrades	$6,936,440	4,165
Cove, City of	Union	Treatment and disposal wetlands*	$1,600,000	640
Cresent Sanitary District	Klamath	Collection and treatment systems	$5,950,000	200
Culver, City of	Jefferson	Treatment and disposal improvements	$2,668,310	1,325
Dallas, City of	Polk	Wastewater reuse*	$5,000,000	15,360
Deschutes County	Deschutes	Local Community Loan for septic upgrades	$5,000,000	1,660
Deschutes County	Deschutes	Facilities [illegible]ning	$40,000	[illegible]00
Devils Lake Water Improvement Dist.	Lincoln	Cyanoba[illegible]a treatment with whole lake circulation	$762,000	[illegible],000

*Elegible for Green Project [illegible]erve

Applicant	County	Project Description	Amount Requested	Applica opulation
Dundee, City of	Yamhill	Upgrade t astewater treatment plant	$10,000,000	,350
Dunes City, City of	Lane	Local Community Loan for septic upgrades	$600,000	1,360
Eugene, City of	Lane	Biofiltration swales/rain gardens @Crest Area*	$2,600,000	154,620
Farmers Irrigation District	Hood River	Replace open canal with pipe*	$35,000,000	3,400
Florence, City of	Lane	Collection system improvements	$5,140,000	9,410
Gardiner Sanitary District	Douglas	Wastewater facilities planning	$125,000	330
Garibaldi, City of	Tillamook	Replacement of Lumberman Park pump station	$152,900	895
Glendale, City of	Douglas	I&I Reduction	$1,384,000	955
Gold Beach, City of	Curry	WWTP improvements	$4,807,475	2,155
Gold Hill, City of	Jackson	Wastewater Improvements	$20,000,000	1,080
Green Sanitary District	Douglas	WWTP improvements	$4,800,000	13,800
Gresham, City of	Multnomah	Improvements to drywells/UIC's*	$5,000,000	100,655
Haines, City of	Baker	Increased effluent storage and expanded irrigation	$74,000	435
Halsey, City of	Linn	Pump station upgrades and sewer mains	$700,000	840
Hermiston, City of	Umatilla	WWTP upgrades	$20,000,000	16,080
Hillsboro, City of	Washington	I&I correction in Tanner Creek Sewer Trunk Basin	$3,740,000	89,285
Irrigon, City of	Morrow	New sewer mains and lift station	$4,242,540	1,865
Jefferson, City of	Marion	Wastewater treatment plant replacement	$5,000,000	2,655
Klamath County School District	Klamath	New sewer to connect schools to sanitary dist.	$2,472,000	1,490
Klamath County School District	Klamath	Improvements to geothermal energy system*	$1,446,424	1,490
Klamath Falls, City of	Klamath	Wastewater treatment plant upgrades	$40,200,000	21,305
Lake Oswego, City of	Clackamas	Bryant Road Pump Station	$5,000,000	36,590
LaPine Special Sewer District	Deschutes	Relocation of effluent disposal system	$5,843,070	1,610
Lowell, City of	Lane	New collector sewers	$624,576	1,015
Madras, City of	Jefferson	Collection system and effluent disposal improvements	$5,000,000	6,640
Malin, City of	Klamath	Treatment and irrigation improvements	$75,000	810
McMinnville, City of	Yamhill	I&I reduction	$2,500,000	32,400
Metropolitan Wastewater Mmgt Comm.	Lane	Treatment improvements and expansion - Phase 1	$36,000,000	212,625
Metropolitan Wastewater Mmgt Comm.	Lane	Wastewater facilities planning	$1,600,700	229,000
Millersburg, City of	Linn	Constructed wetlands*	$14,500,000	1,135
Milwaukie, City of	Clackamas	Sewering of previously unsewered areas	$3,610,150	20,915
Molalla, City of	Clackamas	Lagoon solids removal; headworks grit removal	$581,801	7,590
Monmouth, City of	Polk	Treatment, disposal and biosolids improvements	$5,533,554	9,565
Monmouth, City of	Polk	Facilities Planning	$250,000	9,565
Monroe, City of	Benton	New lift station and lagoon	$1,000,000	690
Moro, City of	Sherman	Improvements to storage and irrigation	$1,490,000	385
Moro, City of	Sherman	Facilities Planning	$15,000	385
Myrtle Creek, City of	Douglas	New pump station	$345,000	3,665
Myrtle Point, City of	Coos	Pump Station and Treatment Improvements	$10,340,310	2,550
Netarts-Oceanside Sanitary District	Tillamook	New WWTP	$20,000,000	1,100
Newberg, City of	Yamhill	WWTP Improvements	$55,000,000	22,645
Newport, City of	Lincoln	Lift station, force main and sewer main upgrades	$5,000,000	10,580
Nyssa, City of	Malheur	New sewer line and manholes	$303,000	3,210

Applicant	County	Project Description	Amount Requested	Applicant Population
Nyssa, City of	Malheur	Wastewater facilities planning	$100,000	3,210
Oak Lodge Sanitary District	Deschutes	WWTP Improvements	$35,000,000	32,000
Oakridge, City of	Lane	I&I Reduction	$2,221,317	3,745
Ontario, City of	Malheur	Collection, treatment and disposal improvements	$4,508,000	11,435
Oregon City, City of	Clackamas	Wetlands improvements*	$295,349	30,405
Pendleton, City of	Umatilla	Wastewater System Upgrades	$24,770,000	17,295
Port Orford, City of	Curry	Collection system rehabilitation	$3,870,000	1,275
Portland, City of	Multnomah	Anaerobic Digesters and Sponsorship Option	$18,000,000	575,930
Portland, City of	Multnomah	Balch Consolidation Conduit (CSO correction)	$15,000,000	575,930
Powder Valley Water Control Dist.	Baker	Irrigation pipe to replace open ditches*	$3,662,936	75
Powers, City of	Coos	Wastewater Treatment Plant Upgrades	$5,000,000	730
Prairie City, City of	Grant	Replace 2,000 feet of sewer main	$208,525	1,110
Redmond, City of	Deschutes	Stormwater system improvements	$4,593,863	25,445
Reedsport, City of	Douglas	Replace 15 inch pipe along Winchester Avenue	$1,633,000	4,305
Richland, City of	Baker	Wastewater facilities planning	$82,500	150
Riddle, City of	Douglas	WWTP improvements and pump station (interim)	$3,295,500	1,045
Rockaway Beach, City of	Tillamook	Collection and treatment upgrades	$4,368,750	1,375
Rogue River, City of	Jackson	I&I reduction	$371,003	2,090
Rogue Valley Sewer Services	Jackson	Replace 361 feet of 6 inch concrete sewer pipe	$79,819	72,000
Rogue Valley Sewer Services	Jackson	Replace 6 inch pipe and extend sewer main 266 feet	$88,160	72,000
Rogue Valley Sewer Services	Jackson	Replace 944 feet of asbestos cement sewer	$170,214	72,000
Rogue Valley Sewer Services	Jackson	Replace 660 feet of 8 inch concrete sewer pipe	$180,297	72,000
Rogue Valley Sewer Services	Jackson	Replace 637 feet of 8 inch concrete sewer pipe	$192,592	72,000
Rogue Valley Sewer Services	Jackson	Replace 873 feet of 8 inch and 6 inch sewer pipe	$199,341	72,000
Rogue Valley Sewer Services	Jackson	Replace 1,232 of 8 inch concrete sewer pipe	$227,010	72,000
Rogue Valley Sewer Services	Jackson	Replace 1553 feet of 8 inch concrete sewer pipe	$277,477	72,000
Rogue Valley Sewer Services	Jackson	Replace 1,135 feet of 8 inch & 6 inch concrete pipe	$281,865	72,000
Rogue Valley Sewer Services	Jackson	Replace 3,855 feet of 8 inch concrete sewer pipe	$417,623	72,000
Rogue Valley Sewer Services	Jackson	Replace 2,067 feet of 8 inch sewer pipe	$519,432	72,000
Rogue Valley Sewer Services	Jackson	Bear Ck. Drive & 1st Street sewer line (Phoenix)	$640,461	72,000
Rogue Valley Sewer Services	Jackson	Replace 4,199 feet of asbestos cement sewer main	$705,070	72,000
Rogue Valley Sewer Services	Jackson	2,550 feet of 15 inch sewer main	$713,460	72,000
Roseburg Urban Sanitary Authority	Douglas	Land application and constructed wetlands*	$5,000,000	21,235
Roseburg, City of	Douglas	Storm water facilities	$682,684	21,235
Salem, City of	Marion	Energy production from digester gas*	$5,000,000	154,510
Salem, City of	Marion	Wastewater Treatment Plant Upgrades	$11,618,000	154,510
Salem, City of	Marion	Rain garden/bioswale - Court St.*	$400,019	154,510
Salem, City of	Marion	Stormwater system improvements - Claggett Creek*	$500,924	154,510
Salem, City of	Marion	Stormwater system improvements - Bush Pature Park*	$487,922	154,510
Scappoose, City of	Columbia	Sewer treatment and pump station improvements	$705,660	6,580
Seaside, City of	Clatsop	Sewer treatment plant improvements	$3,959,000	6,445
Seneca, City of	Grant	Wastewa[illegible]reatment pumping and measuring	$200,000	[illegible]0
Shoreline Sanitary District	Clatsop	Pump st[illegible]s & force main/connect to Warrenton	$1,700,000	[illegible]0

Applicant	County	Project Description	Amount Requested	Applic Population
Silverton, City of	Marion	Biosolids atment improvements; reuse	$5,000,000	,340
Sisters, City of	Deschutes	Pump station upgrade and effluent reuse improvements	$1,957,000	1,875
Springfield, City of	Lane	Installation of 6,300 feet of sewer main	$2,902,000	58,005
Springfield, City of	Lane	Improvements to Lower Mill Race*	$3,200,125	58,005
St. Helens, City of	Columbia	I&I reduction	$5,000,000	12,325
St. Helens, City of	Columbia	Facilities Planning	$550,000	12,325
St. Paul, City of	Marion	Replacement of two lift stations	$250,000	415
Stayton, City of	Marion	Collection and treatment upgrades	$5,830,000	7,815
Sublimity, City of	Marion	I&I reduction	$250,000	2,285
Sundown Sanitary District	Clatsop	Pump stations & force main	$1,565,000	NA
Swalley Irrigation District	Deschutes	Piping of irrigation water*	$6,029,464	1,775
Sweet Home, City of	Linn	I&I reduction	$5,000,000	9,045
Three Sisters Irrigation Dist.	Deschutes	Piping of irrigation water*	$2,000,000	175
Three Sisters Irrigation Dist.	Deschutes	Piping of irrigation water*	$155,000	175
Toledo, City of	Lincoln	I&I reduction	$1,379,950	3,610
Tri-City Water & Sanitary Authority	Douglas	Pump station upgrade	$1,500,000	4,000
Twin Rocks Sanitary Dist.	Tillamook	Rehabilitation of pump stations	$400,000	857
Vernonia, City of	Columbia	New wastewater treatment facility	$5,000,000	2,365
Waldport, City of	Lincoln	Collection lines and pump station	$2,293,100	2,145
Warm Springs Tribe	Jefferson	Replacement of wastewater treatment system	$3,000,000	300
Wedderburn Sanitary District	Curry	Interim for collection & treatment improvements	$1,262,400	484
Windmaster Corner Sewer District	Hood River	New sewer collection system	$3,285,595	375
Winston, City of	Douglas	Improvements to Parkway Lift Station	$200,700	5,890
Winston, City of	Douglas	Facilities Planning	$160,000	5,890
Woodburn, City of	Marion	Collection system and irrigation system improvements	$5,000,000	23,355
Yachats, City of	Lincoln	I&I reduction	$425,826	780
Yamhill, City of	Yamhill	I&I reduction	$138,029	855
Yoncalla, City of	Douglas	Wastewater Treatment Plant Upgrades	$5,000,000	1,115
			$730,708,038	

State of Oregon
Department of Environmental Quality Memorandum

Date: March 25, 2009

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda Item G, Informational Item: Composting Facility Rulemaking
April 17, 2009, EQC Meeting

Purpose of Item The purpose of this agenda item is to provide EQC with updated information regarding proposed amendments to solid waste rules governing composting facilities.

Background Composting facilities are operations that process certain organic feedstocks into a finished product called compost. The most commonly used feedstocks for composting are yard debris, wood waste, manure and food waste. Composting can be an efficient method for recycling organic materials that might otherwise be disposed of in a landfill, and, by avoiding anaerobic decomposition, it prevents the release of methane, a significant component of greenhouse gas. The use of compost offers numerous benefits: when incorporated into soil, it can improve soil tilth and fertility; it can provide a more stable form of nitrogen less susceptible to leaching into water supplies; and on heavy soils, compost helps reduce compaction and increases infiltration.

Composting also contributes to achieving the state's solid waste recovery goal of 50 percent by 2009. In 2006, 41 permitted composting facilities in Oregon composted over 591,000 tons of feedstock, which accounted for 15 percent of all solid waste diverted from landfills.

DEQ supports and encourages composting. At the same time, we are aware that, if not conducted in the proper manner or if conducted at an improper location, composting presents potential environmental problems, most notably possible contamination of surface water and groundwater.

DEQ initially proposed amendments to the composting facility rules in January 2008. The solid waste program conducted extensive discussions internally and with interested persons to resolve contentious issues brought up during the public comment period. The rule amendments now proposed provide more streamlined, risk-based permitting and greater

environmental benefits. DEQ believes the proposed rules will ensure protection of public health and the environment while allowing Oregon's composting industry to grow.

Key Issues

- Stakeholder groups have traditionally disagreed about regulation of agricultural composters. Agricultural composters want the ability to use significant amounts of non-farm feedstocks in their operations. Commercial composters believe it would be unfair to continue the existing exemption from DEQ permitting for agricultural composters. The proposed rules resolve this issue by creating a level playing field, allowing all composting facilities to use whatever feedstocks they choose and all facilities will be subject to the same regulatory requirements. The Department of Agriculture will continue to have a significant role, through an agreement with DEQ, in providing oversight of agricultural composting operations.

- The existing composting regulatory system relies on a combination of rules and a prescriptive permit to control operations at composting facilities. The proposed rules address this issue by creating clear environmental performance standards that all composting facilities must meet and by allowing facilities to decide for themselves how they will meet those standards. DEQ will review and approve facility operating plans, but will allow composting operators to select and implement measures that will meet environmental performance goals.

- Under the previous proposal, all composting facilities would have been required to conduct all operations on impermeable surfaces, unless DEQ granted a variance. Many composters, especially smaller operators, believed that requirement was unnecessary and could be financially burdensome. This issue has been addressed by providing an initial environmental risk screening of all new and existing composting facilities. All facilities will be evaluated by DEQ for risks to surface water and groundwater, and for the potential to create offsite odor problems. The screening process will be based on facility size and operational characteristics, and also on site-specific physical characteristics such as the amount of rainfall, distance to surface water, depth to groundwater, distance to residences and other factors.

  The proposed rules create a modified permitting structure to track the risk screening described above. After the risk screening, facilities that DEQ determines are low risk operations will operate under a low cost registration permit. For these low risk facilities,

DEQ oversight will be based primarily on complaints received. Facilities that DEQ determines present more environmental risk must submit a facility operations plan for DEQ approval and will operate under a compost permit. These facilities will receive more traditional regulatory oversight. This two track system will make the composting program more efficient and focused because the level of DEQ involvement will be proportional to the potential environmental risk presented by the facility.

- The previous rule package included a new general stormwater permit, designated 1200-CP, designed specifically for composting facilities. This proposed permit was similar to the 1200-Z, the general industrial permit composting facilities currently use, but included some additional compost-specific benchmarks for biological oxygen demand and other constituents. DEQ reviewed the status of the proposed 1200-CP permit after litigation involving the 1200-Z. Based on that review and advice from the Department of Justice, DEQ has decided not to move forward with the 1200-CP at this time. We will evaluate the status of the 1200-CP and next steps as we work on revision to the 1200-Z. In the meantime, composting facilities may continue to register and operate under the 1200-Z. DEQ is also encouraging composting facilities to consider opportunities to beneficially reuse stormwater and facility process water, for example, to water compost piles during dry months or to irrigate crops, as alternatives to discharging into surface water.

Next Steps

The proposed rules are currently available for public comment; the public comment period closes April 30, 2009. Public hearings will be conducted April 23, 2009, in Eugene, and April 28, 2009, in Bend and Portland.

EQC Involvement

The rules will be proposed for adoption by the EQC at its August 2009 meeting.

Attachments

None

Available Upon Request

Proposed rules: OAR 340 Divisions 93, 96, 97, and 12
Draft Screening Internal Management Directive
Fiscal Impact Statement

Approved:

Division:

Report Prepared By: Charles Landman
Phone: (503) 229-6461

State of Oregon
Department of Environmental Quality Memorandum

Date: March 25, 2009

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda Item J, Informational Item: Draft Final Priority Persistent Pollutant List
April 17, 2009 EQC Meeting

Purpose of Item

The purpose of this item is to inform the Environmental Quality Commission about the work to date on priority persistent pollutants as required by Senate Bill 737. The Oregon Department of Environmental Quality will discuss its recent Draft Final Priority Persistent Pollutant List, the work necessary to produce a final list by June 1, 2009, and key issues it will consider when carrying out the other requirements of the legislation. The EQC will not be asked to take any action at this meeting, but the discussion will help inform staff as they continue to implement the requirements of the legislation.

Background

What is Senate Bill 737 and what does it require?
To supplement the state's efforts to identify and reduce toxics in the environment, the 2007 Oregon Legislature passed Senate Bill 737, which requires DEQ to develop, by June 2009, a list of priority persistent pollutants that might occur in Oregon's water and to consult with all interested parties in its development. The bill also requires DEQ to report to the Legislature by June 2010 on the various sources of these pollutants based on existing data and identify source reduction and control methods that can reduce discharges.

The bill also requires Oregon's 52 largest municipal wastewater treatment plants to reduce priority persistent pollutants through pollution prevention and toxics reduction.

What is a Persistent Pollutant?
A persistent pollutant is a substance that is toxic and either persists in the environment or accumulates in the tissues of humans, fish, wildlife or plants.

What is the Draft Final Priority Persistent Pollutant List?
The Draft Final Priority Persistent Pollutant List is a broad list that includes 175 pollutants, more than half of which are pesticides, herbicides, or personal care products. A summary of the types of pollutants on the draft list is in Attachment A. The complete list of 175 pollutants in provided in Attachment B. DEQ solicited public input on this list from March 2 through March 27.

How was the list developed?
DEQ worked with a variety of groups to develop the draft list of priority persistent pollutants. A science workgroup comprised of seven experts in the toxics field has met monthly since August 2008 to provide technical advice on how to both develop and refine the list. DEQ has also communicated with local, state and federal agencies and interested stakeholders through a variety of forums.

DEQ narrowed a list of 2,130 potential pollutants to fewer than 200 pollutants. The list will likely become even smaller after DEQ receives and considers public and scientific comments. The science workgroup ranked pollutants by chemical and physical properties, not by the amount present in the environment. The group used two specially-developed models to ensure that consistent criteria were applied to each pollutant in order to rank the pollutants based on their potential to cause harm. A draft report detailing the pollutant ranking process is available on the project's Web site: http://www.deq.state.or.us/wq/SB737.

What types of comments were received during the public comment period?
DEQ held general public information sessions in Pendleton, North Bend, Klamath Falls, and Portland as well as an information session in Salem targeted to the affected WWTPs. The public comment period ends March 27, and a full update on the comments received and DEQ's replies will be given at the April 17 EQC meeting.

Key Issues

How will the list be developed?
Information received during the public comment period will be evaluated and considered to refine the draft list into a final list, and DEQ will present this final list to the Oregon Legislature by June 1, 2009. DEQ will also consider information about feasibility of reduction, availability and cost of analytical methods and magnitude of discharge when creating the final list.

How will the Final Priority Persistent Pollutant List impact Municipalities?
According to Senate Bill 737, the 52 largest municipal wastewater treatment plants in Oregon will be required to develop plans by July 1, 2011 to reduce pollutants on the final list that are present in their effluent above water quality thresholds. If the concentration of a priority persistent pollutant in effluent exceeds a trigger level, municipalities must prepare and submit a toxics reduction plan to DEQ.

A trigger level is not, and cannot be used as, a water quality standard. The default value for a pollutant's trigger level is the maximum contaminant level

established under the Safe Drinking Water Act. If there is no established maximum contaminant level for a pollutant then the EQC must establish the trigger level by rule. Maximum contaminant levels reflect economic and engineering feasibility. DEQ is evaluating approaches for developing trigger levels, including approaches that are analogous to maximum contaminant levels.

Toxics reduction plans will be incorporated by reference into municipalities' NPDES and Water Pollution Control Facility permits.

How will the final list impact other entities?
The legislation does not contain any specific requirement for any entities other than municipal watewater treatment plants. The state's existing programs address some of these types of pollution sources, and information gathered through this project, DEQ's toxic reduction strategy and rulemaking efforts related to toxics will be used to aid DEQ's existing programs.

How does this relate to DEQ's other toxics reduction programs?
The final list will comprise a large portion of the list of pollutants of concern for water in the agency-wide toxics reduction strategy. DEQ's priority persistent pollutants project team continues to coordinate extensively with other DEQ staff involved in water quality standards toxics revisions, the toxics monitoring program and the agency-wide toxics reduction strategy. All of these programs are closely related, and frequent communications among these groups will result in more efficient, cohesive toxics reduction efforts.

Key Discussion Items
A key issue for discussion is how DEQ will further refine the draft final list based on feasibility of reduction, availability and cost of analytical methods and magnitude of discharge. Another key issue is how DEQ will guide the 52 large municipal waste water treatment plants in monitoring for pollutants on the final list and developing toxics reduction plans. Specifically, DEQ must determine how to establish trigger levels, provide timely guidance to the wastewater treatment plants on the development of effective monitoring plans and specify the types of information required in toxics reduction plans. Staff will present to the EQC an overview of these topics, including options under consideration.

Next Steps

Beginning in late summer 2009, DEQ will use existing data to identify point, nonpoint and legacy sources of pollutants on the list. Public outreach and a targeted online survey will be used to collect and systematically document this information. Opportunities to reduce the sources of these pollutants will also be identified. This source identification phase will be ongoing until October 2009 and will be incorporated into the report due to the Legislature in June 2010.

After the final list is complete in June 2009, DEQ will select a process for developing, and then develop, trigger levels. Staff will begin a rulemaking process, and bring trigger level rulemaking to the EQC for possible approval by late summer 2010.

EQC Involvement

The EQC will review and potentially adopt rulemaking on trigger levels of the pollutants on DEQ's final list in late summer 2010, and will be informed on this project's status with ongoing updates.

Attachments

A. Draft Final Priority Persistent Pollutant List Summary
B. Draft Final Priority Persistent Pollutant List (Grouped by Category)

Available Upon Request

The following items may be downloaded from DEQ's SB 737 Web site (http://www.deq.state.or.us/wq/SB737) or may be requested from DEQ as hardcopies:

1. Report on Development of a Priority Pollutant List for Oregon (with attachments).
2. Agendas for meetings of the Persistent Pollutant Science Workgroup
3. Notes from science workgroup meetings.
4. Fact sheets pertaining to list development and the SB 737 project in general.
5. Chemical Disposition Log which documents final ranking of each pollutant, or the step in the identification/prioritization process where chemicals under consideration were removed from the list.

Approved:

Section:

Division:

Report prepared by: Cheryl Grabham
DEQ Water Quality
Phone: 503-229-5518

DEQ
State of Oregon Department of Environmental Quality

Draft Final Priority Persistent Pollutant List Summary - March 2009

175 Pollutants organized by chemical classes with examples

Chemical Class	EXAMPLE: Types of Pollutants in this Chemical Class	NUMBER of Pollutants in this Chemical Class (out of 175 total)	PERCENT of total pollutants on Draft P3 List (out of 100%)
Biocides (Pesticides and Herbicides)		70 pollutants	40% of P3 List
	Benfluralin - turf grass herbicide		
	Oxyfluorfen - pesticide		
Pharmaceuticals & Personal Care Products		27 pollutants	15% of P3 List
	Triclosan - antimicrobial in consumer products		
	Codeine - analgesic drug		
	Musk tetralin - fragrance in consumers products		
Polychlorinated Biphenyls (PCBs)		18 pollutants	10% of P3 List
	Enclosed electrical systems, otherwise a legacy pollutant		
Industrial Chemicals		14 pollutants	8% of P3 List
	Octachlorostyrene - incineration processes that combine carbon and chlorine		
Polycyclic Aromatic Hydrocarbons (PAHs)		14 pollutants	8% of P3 List
	No specific uses; by-products of incomplete combustion processes		
Halogenated Flame Retardants		9 pollutants	5% of P3 List
	TBPH - PVC plasticizer for wires & cables, coated fabrics		
	TBBPA - epoxy printed circuit boards		
Inorganic and Organic Metals		6 pollutants	3% of P3 List
	Arsenic - legacy agriculture		
	Lead - industrial processes, legacy plumbing		

For more information about DEQ's Draft Priority Persistent Pollutant List, visit: http://www.deq.state.or.us/SB737

Phthalate Esters		6 pollutants	3% of P3 List
	DEHP - used to make plastics flexible		
Polychlorinated Naphthalenes (PCNs)		5 pollutants	3% of P3 List
	Dielectric fluids, flame retardants, fungicides; largely banned by early 1980's; legacy contaminant		
Perfluorinated Surfactants		5 pollutants	3% of P3 List
	Fabric treatments ("Scotchguard" until 2003), fire fighting foams, food wrapper coatings, cosmetics		
Dioxins and Furans		1 pollutant	<1% of P3 List
	No specific uses; by-products of incomplete combustion processes (particularly plastics); contaminants in herbicides; legacy contaminants		

For more information about DEQ's Draft Priority Persistent Pollutant List, visit: http://www.deq.state.or.us/SB737

ATTACHMENT 6.11 (Draft Final P3L)

			PBT PROFILER RESULTS											HUMAN HEALTH CRITERIA				RANK			
CASRN	Group	Chemical Name	Half-life (water)	Half-life (soil)	Half-life (sed)	Half-life (air)	BCF	Fish Toxicity (mg/L)	Basis	"P" Score	"B" Score	"T" Score	Total Score	Non-Cancer	RfD (mg/kg/d)	EPA WOE Cancer	Oral Cancer Slope Factor	Aquatic	Human	Total	Principal Use(s)
BIOCIDES (Pesticides, Herbicides, etc.)																					
94-82-6	G1	2,4-DB	38	75	340	1.1	1	1.11E+01	b	1	0	0	2	D	0.008			0.676	0.416	0.546	Chlorophenoxy acid herbicide
59-50-7	G1	4-Chloro-3-methylphenol	38	75	340	0.62	49	5.50E-02	a	1	0	2	3					0.153	0.5	0.326	Fungicide, Preservative
34256-82-1	G1	Acetochlor	60	120	540	0.32	43	4.50E-02	c	1	0	2	3		0.02			0.265	0.281	0.273	Chloroacetanilide herbicide
15972-60-8	G1	Alachlor	60	120	540	0.35	100	2.60E-02	c	1	0	2	3		0.01	B2	0.06	0.306	0.573	0.439	Chloroacetanilide herbicide
1861-40-1	G1	Benfluralin	180	360	1600	0.71	2400	1.90E-03	g	2	1	2	5		0.3			0.629	0.090	0.360	Herbicide, turf grass
1689-84-5	G1	Bromoxynil	38	75	340	75	32	9.00E-03	g	1	0	2	3	D	0.02			0.453	0.315	0.384	Herbicide, weed control
57-74-9	G1	Chlordane	180	360	1600	3.2	12000	1.40E-02	c	2	2	2	6			B2	0.35	0.288	0.270	0.279	OC pesticide
5103-71-9	G1	Chlordane, cis-	180	360	1600	3.2	12000	7.40E-02	f	2	2	2	6					0.282	0.5	0.391	OC pesticide
12789-03-6	G1	Chlordane, technical	180	360	1600	3.2	12000	2.50E-01	f	2	2	1	5					0.276	0.5	0.388	OC pesticide
5103-74-2	G1	Chlordane, trans-	180	360	1600	3.2	12000	2.50E-01	f	2	2	1	5					0.271	0.5	0.385	OC pesticide
143-50-0	G1	Chlordecone (Kepone)	180	360	1600	180	2800	5.10E-02	b	2	2	2	6	D				0.218	0.022	0.120	Insecticide, Fungicide (banned 1975)
1897-45-6	G1	Chlorothalonil	180	360	1600	2600	45	3.00E-03	g	2	0	2	4		0.015			0.582	0.337	0.460	Fungicide
2921-88-2	G1	Chlorpyrifos	180	360	1600	0.18	1300	5.70E-04	g	2	2	2	6					0.629	0.5	0.565	OP insecticide
1134-23-2	G1	Cycloate	38	75	340	0.46	190	4.76E-01	b	1	0	1	2	D				0.524	0.034	0.279	Thiocarbamate herbicide
72-54-8	G1	DDD, 4,4'-	180	360	1600	3.7	8600	1.00E-02	b	2	2	2	6			B2	0.24	0.676	0.225	0.551	OC pesticide (DDT degradate)
72-55-9	G1	DDE, 4,4'-	180	360	1600	1.1	20000	5.00E-03	d*	2	2	2	6					0.741	0.5	0.621	OC pesticide (DDT degradate)
50-29-3	G1	DDT, 4,4'-	180	360	1600	4.6	42000	2.50E-03	d*	2	2	2	6		0.0005	B2	0.34	0.406	0.865	0.636	OC pesticide
333-41-5	G1	Diazinon	38	75	340	0.17	170	5.50E-04	g	1	0	2	3		0.0009			0.665	0.719	0.692	OP pesticide
962-58-3	G1	Diazinon-oxon	38	75	340	0.37	1.3	2.20E-03	h	1	0	2	3					0.786	0.5	0.644	None (diazinon degradate)
583-78-8	G1	Dichlorophenol, 2,5-	38	75	340	2.3	18	6.50E-02	a	1	0	2	3					0.200	0.5	0.350	Pest Repellent, Disinfectant
542-75-6	G1	Dichloropropene, 1,3-	38	75	340	1.9	7.3	8.32E+00	d	1	0	1	2		0.03	B2	0.10	0.012	0.382	0.197	Soil fumigant, Nematocide
62-73-7	G1	Dichlorvos	38	75	340	1.7	0.45	1.20E-02	h	1	0	2	3					0.512	0.5	0.506	OP pesticide
115-32-2	G1	Dicofol	180	360	1600	4.6	1500	5.30E-03	h	2	1	2	5					0.647	0.5	0.574	OC pesticide, Miticide
60-57-1	G1	Dieldrin	180	360	1600	1.8	2000	8.35E-02	d	2	1	2	5					0.447	0.5	0.474	OC pesticide (banned 1987)
88-85-7	G1	Dinoseb	38	75	340	4	110	4.30E-02	c	1	0	2	3	D	0.001			0.235	0.697	0.466	Phenolic herbicide
298-04-4	G1	Disulfoton	38	75	340	0.12	250	3.90E-02	g	1	0	2	3		0.00004			0.259	0.921	0.590	OP insecticide
330-54-1	G1	Diuron	38	75	340	1.5	23	2.60E-02	g	1	0	2	3		0.002			0.224	0.652	0.438	Urea herbicide
1031-07-8	G1	Endosulfan sulfate	180	360	1600	2	130	1.04E+00	c	2	0	1	3					0.141	0.5	0.321	None (endosulfan degradate)
959-98-8	G1	Endosulfan, alpha-	180	360	1600	2	180	5.10E-05	i	2	0	2	4					0.882	0.5	0.691	OC pesticide (endosulfan isomer)
33213-65-9	G1	Endosulfan, beta-	180	360	1600	2	180	3.60E-05	i	2	0	2	4					0.888	0.5	0.694	OC pesticide (endosulfan isomer)
72-20-8	G1	Endrin	180	360	1600	1.8	2000	8.35E-02	d	2	1	2	5	D	0.0003			0.765	0.798	0.781	Insecticide (cotton)

ATTACHMENT 6.11 (Draft Final P3L)

			PBT PROFILER RESULTS											HUMAN HEALTH CRITERIA				RANK			
CASRN	Group	Chemical Name	Half-life (water)	Half-life (soil)	Half-life (sed)	Half-life (air)	BCF	Fish Toxicity (mg/L)	Basis	"P" Score	"B" Score	"T" Score	Total Score	Non-Cancer	RfD (mg/kg/d)	EPA WOE Cancer	Oral Cancer Slope Factor	Aquatic	Human	Total	Principal Use(s)
55283-68-6	G1	Ethalfluralin	180	360	1800	0.19	1700	3.00E-03	c	2	1	2	5					0.588	0.5	0.544	Herbicide
22224-92-6	G1	Fenamiphos	38	75	340	0.21	61	1.69E+00	c	1	0	1	2		0.00025			0.059	0.820	0.440	Pesticide
120068-37-3	G1	Fipronil	180	360	1800	0.17	240	4.20E-02	c	2	0	2	4					0.771	0.5	0.635	Insecticide
944-22-9	G1	Fonofos	38	75	340	0.19	220	3.55E-01	c	1	0	1	2		0.002			0.124	0.618	0.371	OTP insecticide
76-44-8	G1	Heptachlor	180	360	1600	0.046	9900	1.35E-01	c	2	2	1	5	D	0.0005	B2	4.50	0.671	0.978	0.824	OC pesticide
1024-57-3	G1	Heptachlor epoxide	180	360	1600	3.1	1400	1.90E-05	i	2	1	2	5		0.00001	B2	9.10	0.906	0.989	0.947	OC pesticide
118-74-1	G1	Hexachlorobenzene	180	360	1600	58	5200	1.50E-02	b	2	2	2	6	D	0.0008	B2	1.80	0.488	0.944	0.716	OC pesticide
319-84-6	G1	Hexachlorocyclohexane, alpha-	180	360	1600	83	310	3.82E-01	b	2	0	1	3			B2	6.30	0.229	0.663	0.446	OC pesticide
319-85-7	G1	Hexachlorocyclohexane, beta- (ED)	180	360	1600	83	310	3.82E-01	b	2	0	1	3			C	1.80	0.188	0.393	0.291	OC pesticide
58-89-9	G1	Hexachlorocyclohexane, gamma- (Lindane)	180	360	1600	83	310	1.70E-03	g	2	1	2	5		0.0003			0.790	0.787	0.743	OC pesticide
465-73-6	G1	Isodrin	180	360	1600	0.046	20000	6.00E-04	h	2	2	2	6					0.759	0.5	0.629	Insecticide
330-55-2	G1	Linuron	60	120	540	1.5	58	4.20E-02	g	1	0	2	3	D	0.002			0.247	0.685	0.466	Urea herbicide
150-50-5	G1	Merphos	9	17	78	0.14	245	3.33E-04	b	0	0	2	2		0.00003			0.900	0.933	0.916	OP defoliant, Plant growth regulator
298-00-0	G1	Methyl parathion	38	75	340	0.27	32	8.00E-02	g	1	0	2	3					0.165	0.5	0.332	OP insecticide
86-50-0	G1	Methylazinphos [Azinphos methyl]	38	75	340	0.1	26	3.60E-03	g	1	0	2	3					0.612	0.5	0.556	OP insecticide
51218-45-2	G1	Metolachlor	60	120	540	0.29	34	5.40E-02	g	1	0	2	3		0.15			0.241	0.101	0.171	Chloroacetanilide herbicide
2385-85-5	G1	Mirex	180	360	1600	180	36000	3.00E-03	b	2	2	2	6		0.0002			0.653	0.831	0.742	OC pesticide
2212-67-1	G1	Molinate	38	75	340	0.5	59	2.10E-01	g	1	0	1	2		0.002			0.129	0.640	0.385	Pesticide
88671-89-0	G1	Myclobutanil	38	75	340	2.3	37	4.20E+00	b	1	0	1	2	D	0.025			0.065	0.247	0.156	Fungicide
5103-73-1	G1	Nonachlor, cis-	180	360	1600	3.2	15000	9.70E-03	d*	2	2	2	6					0.782	0.5	0.641	OC pesticide (chlordane-related)
39765-80-5	G1	Nonachlor, trans-	180	360	1600	3.2	15000	9.70E-03	d*	2	2	2	6					0.776	0.5	0.638	OC pesticide (chlordane-related)
27314-13-2	G1	Norflurazon	60	120	540	1.3	12	8.80E-02	c	1	0	2	3		0.04			0.147	0.157	0.152	Pyridazinone herbicide, grasses
19044-88-3	G1	Oryzalin	60	120	540	0.67	150	2.80E-02	c	1	0	2	3		0.05			0.347	0.135	0.241	Pre-emergence herbicide
27304-13-8	G1	Oxychlordane, single isomer	180	360	1600	3.3	3300	3.00E-04	h	2	1	2	5					0.894	0.5	0.697	OC pesticide (chlordane-related)
42874-03-3	G1	Oxyfluorfen	180	360	1600	1.4	880	3.80E-02	g	2	0	2	4		0.003			0.459	0.596	0.527	Herbicide (weeds)
40487-42-1	G1	Pendimethalin	60	120	540	0.54	1900	6.30E-03	g	1	1	2	4		0.04			0.529	0.191	0.360	Herbicide (crabgrass germination)
608-93-5	G1	Pentachlorobenzene	180	360	1600	280	1900	4.20E-02	b	2	1	2	5		0.0008			0.335	0.730	0.533	Fungicide precursor
82-68-8	G1	Pentachloronitrobenzene	180	360	1600	2200	750	1.42E-01	b	2	0	1	3		0.003			0.324	0.562	0.443	Fungicide
87-86-5	G1	Pentachlorophenol (PCP)	180	360	1600	29	700	1.30E-02	a	2	0	2	4					0.618	0.5	0.559	OC pesticide
67747-09-5	G1	Prochloraz (ED)	180	360	1600	0.2	290	7.50E-02	h	2	0	2	4					0.571	0.5	0.535	Cereal fungicide
1918-16-7	G1	Propachlor	38	75	340	0.75	9.5	8.90E-02	b	1	0	2	3					0.135	0.5	0.318	Insecticide
2312-35-8	G1	Propargite	60	120	540	0.27	1400	1.60E-02	g	1	1	2	4	D	0.02			0.471	0.326	0.398	Insecticide

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			PBT PROFILER RESULTS											HUMAN HEALTH CRITERIA				RANK			
CASRN	Group	Chemical Name	Half-life (water)	Half-life (soil)	Half-life (sed)	Half-life (air)	BCF	Fish Toxicity (mg/L)	Basis	"P" Score	"B" Score	"T" Score	Total Score	Non-Cancer	RfD (mg/kg/d)	EPA WOE Cancer	Oral Cancer Slope Factor	Aquatic	Human	Total	Principal Use(s)
5902-51-2	G1	Terbacil	38	75	340	1.6	5.7	4.80E+01	d	1	0	0	1	D	0.013			0.041	0.360	0.200	Herbicide
13071-79-9	G1	Terbufos	38	75	340	0.067	560	7.70E-04	g	1	0	2	3					0.647	0.5	0.574	OP insecticide (corn)
43121-43-3	G1	Triadimefon {ED}	60	120	540	0.96	27	6.00E+00	b	1	0	1	2	D	0.03			0.365	0.236	0.300	Fungicide
2303-17-5	G1	Triallate	60	120	540	0.5	700	3.80E-02	g	1	0	2	3		0.013			0.088	0.371	0.230	Herbicide (grass/weeds)
95-95-4	G1	Trichlorophenol, 2,4,5-	60	120	540	7.5	58	4.00E-02	a	1	0	2	3		0.1			0.394	0.124	0.259	OC pesticide
88-06-2	G1	Trichlorophenol, 2,4,6-	60	120	540	26	55	4.10E-02	a	1	0	2	3		0.001	B2	0.01	0.518	0.764	0.641	OC pesticide
1582-09-8	G1	Trifluralin	180	360	1600	0.67	2600	1.14E-03	g	2	1	2	5		0.0075	C	0.0077	0.106	0.517	0.311	Herbicide
PHARMACEUTICALS & PERSONAL CARE PRODUCTS																					
298-46-4	G2	Carbamazepine	38	75	340	0.037	15	9.16E+00	b	1	0	1	2	D				0.047	0.011	0.029	Antiepileptic drug
57-62-5	G2	Chlortetracycline	180	360	1600	0.067	3.2	8.48E+00	a	2	0	1	3					0.053	0.5	0.276	Antibiotic
57-88-5	G2	Cholesterol	60	120	540	0.071	270	5.00E-05	b	2	0	2	4					0.947	0.5	0.724	None (biogenic sterol)
76-57-3	G2	Codeine	60	120	540	0.031	1.6	6.50E-02	c	1	0	2	3					0.112	0.5	0.306	Analgesic
360-68-9	G2	Coprostanol	60	120	540	0.33	200	4.33E-05	b	2	0	2	4					0.965	0.5	0.732	None (fecal indicator)
106-46-7	G2	Dichlorobenzene, 1,4-	38	75	340	50	89	7.84E-01	b	1	0	1	2		0.0054			0.024	0.449	0.236	Mothballs, Deodorants, Insecticides
56-53-1	G2	Diethylstilbestrol {ED}	38	75	340	0.0011	1600	1.40E-02	a	1	1	2	4					0.606	0.5	0.503	Synthetic nonsteroidal estrogen
1222-05-5	G2	Galaxolide [HHCB]	60	120	540	0.42	13000	1.00E-02	b	2	2	2	6					0.547	0.5	0.524	Fragrance
70-30-4	G2	Hexachlorophene	180	360	1600	7.5	4700	1.62E-03	a	2	1	2	5		0.0003			0.818	0.809	0.813	Disinfectant
123-69-3	G2	Musk ambrette	15	30	140	0.046	2700	2.40E-02	c	0	1	2	3					0.341	0.5	0.421	Fragrance
15323-35-0	G2	Musk indane	60	120	540	1	93	1.00E-02	b	2	0	2	4					0.659	0.5	0.579	Fragrance
81-14-1	G2	Musk ketone	60	120	540	12	60	4.00E-03	c	1	0	2	3					0.688	0.5	0.594	Fragrance
21145-77-7	G2	Musk tetralin [Acetyl-hexamethyl-tetrahydronaphthalene]	60	120	540	0.92	2200	1.50E-02	b	2	1	2	5					0.735	0.5	0.618	Fragrance
145-39-1	G2	Musk tibetene	60	120	540	11	1900	2.00E-03	c	1	1	2	4					0.641	0.5	0.571	Fragrance
81-15-2	G2	Musk xylene	180	360	1600	19	530	5.00E-03	c	2	0	2	4					0.624	0.5	0.562	Fragrance
25154-52-3	G2	Nonylphenol	15	30	140	0.31	540	5.00E-03	a	1	0	2	3					0.718	0.5	0.609	None (detergent metabolite)
104-40-5	G2	Nonylphenol, 4-	15	30	140	0.31	540	5.00E-03	a	1	0	2	3					0.712	0.5	0.606	None (detergent metabolite)
140-66-9	G2	Octylphenol, 4-tert-	38	75	340	0.38	2300	8.00E-03	a	1	1	2	4					0.465	0.5	0.482	None (detergent metabolite)
21255-69-6	G2	O-Desmethylangolensin	38	75	340	0.079	7.5	9.50E-02	a	1	0	2	3					0.318	0.5	0.409	None (biogenic estrogen)
2062-78-4	G2	Pimozide	180	360	1600	0.11	14000	1.11E-01	d	2	2	1	5	D				0.800	0.056	0.428	Antipsychotic
83-45-4	G2	Sitostanol, beta- (Stigmastanol) {ED}	60	120	540	0.31	12	7.49E-06	b	2	0	2	4					0.994	0.5	0.747	Food additive (as phytosteroid)
83-46-5	G2	Sitosterol, beta- {ED}	60	120	540	0.067	15	8.76E-06	b	2	0	2	4	D				0.982	0.079	0.531	Food additive (as phytosteroid)
92-94-4	G2	Terphenyl, p-	38	75	340	1.8	8800	7.00E-03	b	2	2	2	6					0.253	0.5	0.376	Laser dye, Sunscreen component
1506-02-1	G2	Tonalide	60	120	540	0.92	2200	1.50E-02	b	2	1	2	5					0.753	0.5	0.626	Fragrance

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			PBT PROFILER RESULTS											HUMAN HEALTH CRITERIA				RANK			
CASRN	Group	Chemical Name	Half-life (water)	Half-life (soil)	Half-life (sed)	Half-life (air)	BCF	Fish Toxicity (mg/L)	Basis	"P" Score	"B" Score	"T" Score	Total Score	Non-Cancer	RfD (mg/kg/d)	EPA WOE Cancer	Oral Cancer Slope Factor	Aquatic	Human	Total	Principal Use(s)
3380-34-5	G2	Triclosan [2,4,4'-trichloro-2'-hydroxydiphenyl ether]	60	120	540	1	370	2.00E-02	a	1	0	2	3					0.312	0.5	0.406	Disinfectant
121-44-8	G2	Triethylamine	38	75	340	0.18	2.6	8.74E-05	c	1	0	2	3					0.706	0.5	0.603	Flavor precursor, Organic synthesis
17924-92-4	G2	Zearalenone (ED)	38	75	340	0.035	110	7.50E-02	a	1	0	2	3					0.206	0.5	0.353	None (estrogenic mycotoxin)
POLYCHLORINATED BIPHENYLS																					
7012-37-5	G3	PCB-028 [2,4,4'-trichlorobiphenyl] (model)	60	120	540	15	18000	1.70E-02	b	1	2	2	5					0.176	0.5	0.338	Enclosed electrical systems 1979 US (legacy)
35693-99-3	G3	PCB-052 [2,2',5,5'-tetrachlorobiphenyl] (model)	180	360	1600	22	41000	8.00E-03	b	2	2	2	6					0.300	0.5	0.400	Enclosed electrical systems 1979 US (legacy)
32598-13-3	G3	PCB-077 [3,3',4,4'-tetrachlorobiphenyl] (tox)	180	360	1600	22	100000	3.00E-03	b	2	2	2	6			B2	2.00	0.329	0.404	0.367	Enclosed electrical systems 1979 US (legacy)
70362-50-4	G3	PCB-081 (3,4,4',5-tetrachlorobiphenyl) (tox)	180	360	1600	21	63000	5.00E-03	b	2	2	2	6					0.382	0.5	0.441	Enclosed electrical systems 1979 US (legacy)
37680-73-2	G3	PCB-101 [2,2',4,5,5'-pentachlorobiphenyl] (model)	180	360	1600	50	140000	2.00E-03	b	2	2	2	6					0.388	0.5	0.444	Enclosed electrical systems 1979 US (legacy)
32598-14-4	G3	PCB-105 [2,3,3',4,4'-pentachlorobiphenyl] (tox)	180	360	1600	50	140000	2.00E-03	b	2	2	2	6			B2	2.00	0.376	0.427	0.402	Enclosed electrical systems 1979 US (legacy)
74472-37-0	G3	PCB-114 [2,3,4,4',5-pentachlorobiphenyl] (tox)	180	360	1600	40	200000	1.45E-03	b	2	2	2	6			B2	2.00	0.418	0.438	0.428	Enclosed electrical systems 1979 US (legacy)
31508-00-6	G3	PCB-118 [2,3',4,4',5-pentachlorobiphenyl] (model,tox)	180	360	1600	50	180000	1.09E-03	b	2	2	2	6			B2	2.00	0.424	0.472	0.448	Enclosed electrical systems 1979 US (legacy)
65510-44-3	G3	PCB-123 [2',3,4,4',5-pentachlorobiphenyl] (tox)	180	360	1600	40	200000	1.45E-03	b	2	2	2	6					0.412	0.5	0.456	Enclosed electrical systems 1979 US (legacy)
57465-28-8	G3	PCB-126 [3,3',4,4',5-pentachlorobiphenyl] (tox)	180	360	1600	34	200000	1.45E-03	b	2	2	2	6			B2	2.00	0.429	0.494	0.462	Enclosed electrical systems 1979 US (legacy)
35065-28-2	G3	PCB-138 [2,2',3,4,4',5'-hexachlorobiphenyl] (model)	180	360	1600	96	67000	6.38E-04	b	2	2	2	6					0.724	0.5	0.612	Enclosed electrical systems 1979 US (legacy)
35065-27-1	G3	PCB-153 [2,2',4,4',5,5'-hexachlorobiphenyl] (model)	180	360	1600	96	25000	3.43E-04	b	2	2	2	6					0.824	0.5	0.662	Enclosed electrical systems 1979 US (legacy)
38380-08-4	G3	PCB-156 [2,3,3',4,4',5-hexachlorobiphenyl] (tox)	180	360	1600	75	40000	4.63E-04	b	2	2	2	6			B2	2.00	0.794	0.584	0.689	Enclosed electrical systems 1979 US (legacy)
69782-90-7	G3	PCB-157 [2,3,3',4,4',5'-hexachlorobiphenyl] (tox)	180	360	1600	67	38000	4.45E-04	b	2	2	2	6			B2	2.00	0.606	0.607	0.706	Enclosed electrical systems 1979 US (legacy)
52663-72-6	G3	PCB-167 [2,3',4,4',5,5'-hexachlorobiphenyl] (tox)	180	360	1600	67	56000	5.65E-04	b	2	2	2	6			B2	2.00	0.747	0.551	0.649	Enclosed electrical systems 1979 US (legacy)
32774-16-6	G3	PCB-169 [3,3',4,4',5,5'-hexachlorobiphenyl] (tox)	180	360	1600	67	4900	6.77E-04	b	2	2	2	6			B2	2.00	0.641	0.629	0.735	Enclosed electrical systems 1979 US (legacy)
35065-29-3	G3	PCB-180 [2,2',3,4,4',5,5'-heptachlorobiphenyl] (model)	180	360	1600	150	4900	1.32E-04	b	2	1	2	5			B2	2.00	0.576	0.528	0.552	Enclosed electrical systems 1979 US (legacy)
39635-31-9	G3	PCB-189 [2,3,3',4,4',5,5'-heptachlorobiphenyl] (tox)	180	360	1600	110	4900	1.32E-04	b	2	1	2	5					0.924	0.5	0.712	Enclosed electrical systems 1979 US (legacy)
HALOGENATED ORGANIC FLAME RETARDANTS																					
26040-51-7	G4	Di-(2-ethylhexyl)tetrabromophthalate [TBPH]	60	120	540	0.75	3.2	2.37E-07	c*	2	0	2	4					0.500	0.5	0.500	Flame retardant (PVC applications)
25637-99-4	G4	Hexabromocyclodecane (HBCD)	60	120	540	2.6	6200	6.62E-04	b	2	2	2	6					0.635	0.5	0.668	Flame retardant (thermal insulation foams)
59080-40-9	G4	PBB-153 [2,2',4,4',5,5'-Hexabromobiphenyl]	180	360	1600	120	360	3.99E-05	b	2	0	2	4					0.953	0.5	0.726	Flame retardant (US ban 1976)
5436-43-1	G4	PBDE-047 [2,2',4,4'-Tetrabromodiphenyl ether]	180	360	1621	10.66667	32580	3.00E-03	b	2	2	2	6		0.0001			0.812	0.888	0.850	Flame retardant (banned in EU 2003)
60348-60-9	G4	PBDE-099 [2,2',4,4',5-Pentabromodiphenyl ether]	180	360	1621	19.45833	36880	3.00E-03	b	2	2	2	6		0.0001			0.865	0.910	0.887	Flame retardant (banned in EU 2003)
189084-64-8	G4	PBDE-100 [2,2',4,4',6-Pentabromodiphenyl ether]	---	---	---	---	---	---	---	---	---	---	0		0.0001			0.859	0.899	0.879	Flame retardant (banned in EU 2003)
68631-49-2	G4	PBDE-153 [2,2',4,4',5,5'-hexabromodiphenyl ether]	180	360	1600	29	8100	3.00E-03	b	2	2	2	6		0.0002			0.935	0.843	0.889	Flame retardant (banned in EU 2003)
1163-19-5	G4	PBDE-209 (decabromodiphenyl ether)	180	360	1600	460	3.2	1.47E-07	b	2	0	2	4		0.007	C	0.0007	0.988	0.461	0.724	Flame retardant (most common BDE congener in
79-94-7	G4	Tetrabromobisphenol A (TBBPA)	180	360	1600	5.4	14000	7.00E-03	b	2	2	2	6					0.694	0.5	0.597	Flame retardant (most used brominated)

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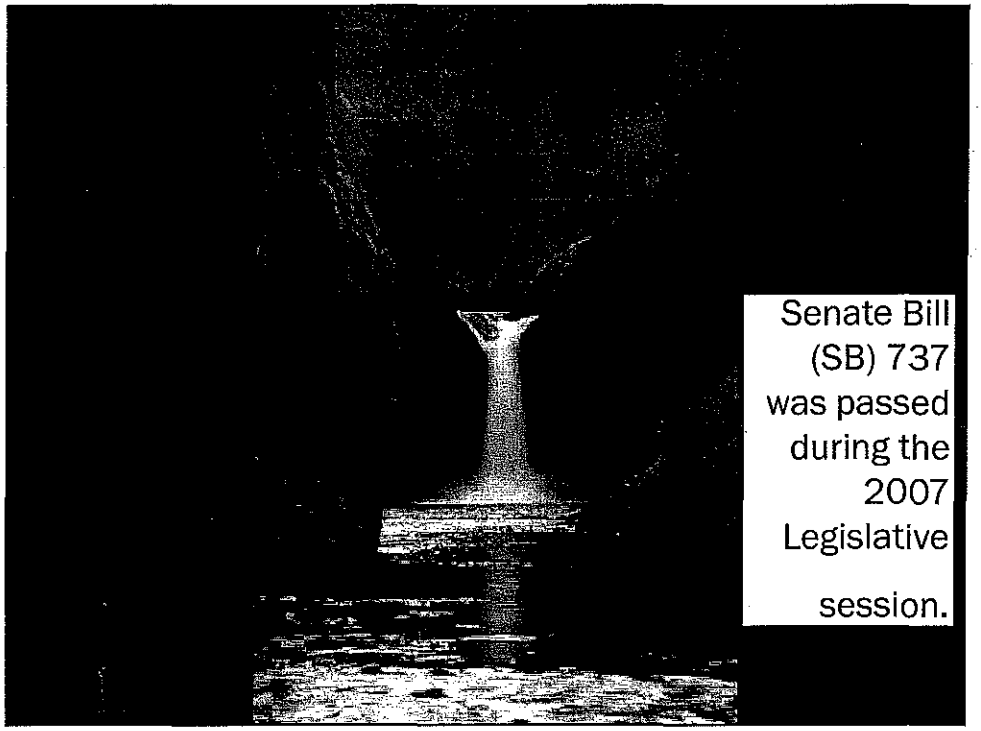
			PBT PROFILER RESULTS											HUMAN HEALTH CRITERIA				RANK			
CASRN	Group	Chemical Name	Half-life (water)	Half-life (soil)	Half-life (sed)	Half-life (air)	BCF	Fish Toxicity (mg/L)	Basis	"P" Score	"B" Score	"T" Score	Total Score	Non-Cancer	RfD (mg/kg/d)	EPA WOE Cancer	Oral Cancer Slope Factor	Aquatic	Human	Total	Principal Use(s)
INDUSTRIAL CHEMICALS																					
128-39-2	G5	2,6-di-tert-butylphenol	38	75	340	0.32	430	1.20E-02	a	1	0	2	3					0.359	0.5	0.429	UV stabilizer, Fuel antioxidizer
98-07-7	G5	Benzotrichloride (trichloromethylbenzene)	60	120	540	46	200	1.65E-02	d	1	0	2	3			B2	13.00	0.071	0.708	0.389	Industrial intermediate
103-23-1	G5	Bis (2-ethylhexyl) adipate	9	17	78	0.62	61	4.80E-02	f	1	0	2	3		0.6	C	0.0012	0.871	0.112	0.491	Hydraulic fluid, Aircraft lubricant
98-54-4	G5	Butylphenol, p-tert- {ED}	38	75	340	0.4	71	4.70E-02	a	1	0	2	3					0.194	0.5	0.347	Intermediate for phenolic resins
96-12-8	G5	Dibromo-3-chloropropane, 1,2-	38	75	340	37	38	3.30E+00	b	1	0	1	2	D	0.0002	B2	0.80	0.029	0.966	0.498	Flame retardant precursor, Pesticide
120-83-2	G5	Dichlorophenol, 2,4- {ED}	38	75	340	15	18	6.50E-02	a	1	0	2	3		0.003			0.212	0.539	0.376	Intermediate in 2,4-D mfg
528-29-0	G5	Dinitrobenzene, o-	38	75	340	750	4	3.70E-02	c	1	0	2	3	D	0.0001			0.100	0.876	0.488	Dye Intermediate (HPV)
111-91-1	G5	Ethane, 1,1'- methylenebis(oxy) bis 2-chloro-	38	75	340	3.1	2	6.70E+01	b	1	0	0	1		0.003			0.006	0.506	0.256	Polysulfide elastomer production
111-44-4	G5	Ethane, 1,1'-oxybis 2-chloro-	38	75	340	5	2	3.30E+01	b	1	0	0	1			B2	1.10	0.018	0.348	0.183	Synthesis intermediate, Stabilizer
29082-74-4	G5	Octachlorostyrene	180	360	1600	14	15000	9.00E-04	d*	2	2	2	6					0.371	0.5	0.435	Unused by-product of industrial processes
1825-21-4	G5	Pentachloroanisole (2,3,4,5,6-Pentachloroanisole)	180	360	1600	15	3100	2.70E-02	b	2	1	2	5					0.441	0.5	0.471	Wood preservative
95-94-3	G5	Tetrachlorobenzene, 1,2,3,5-	60	120	540	200	750	1.04E-01	b	1	0	1	2		0.0003			0.062	0.775	0.429	Industrial synthesis
829-26-5	G5	Trimethylnaphthalene, 2,3,6-	38	75	340	0.13	880	6.90E-02	b	1	0	2	3					0.182	0.5	0.341	Industrial synthesis
732-26-3	G5	Tris-(1,1-dimethylethyl)phenol, 2,4,6- [Alkofen B]	60	120	540	1	3300	5.00E-03	a	2	1	2	5					0.729	0.5	0.615	Stabilizer for polymers
POLYCYCLIC AROMATIC HYDROCARBONS																					
56-55-3	G6	Benz(a)anthracene {7,16}	60	120	540	0.32	5400	1.20E-02	b	2	2	2	6			B2		0.482	0.5	0.491	None (combustion by-product)
50-32-8	G6	Benzo(a)pyrene {7,16}	60	120	540	0.32	10000	6.00E-03	b	2	2	2	6			B2	7.30	0.559	0.674	0.616	None (combustion by-product)
205-99-2	G6	Benzo(b)fluoranthene {7,16}	60	120	540	0.88	5600	1.20E-02	b	2	2	2	6			B2	0.73	0.553	0.292	0.423	None (combustion by-product)
191-24-2	G6	Benzo(g,h,i)perylene {16}	60	120	540	0.18	25000	2.00E-03	b	2	2	2	6			D		0.608	0.5	0.553	None (combustion by-product)
207-08-9	G6	Benzo(k)fluoranthene {7,16}	60	120	540	0.3	10000	6.00E-03	b	2	2	2	6			B2	0.07	0.565	0.202	0.383	None (combustion by-product)
218-01-9	G6	Chrysene [benzo(a)phenanthrene] {7,16}	60	120	540	0.32	5900	1.10E-02	b	2	2	2	6			B2	0.01	0.494	0.146	0.320	None (combustion by-product)
53-70-3	G6	Dibenz(a,h)anthracene {7,16}	60	120	540	0.32	22000	3.00E-03	b	2	2	2	6			B2		0.635	0.5	0.568	None (combustion by-product)
206-44-0	G6	Fluoranthene [Benzo(j,k)fluorene] {16}	60	120	540	1.5	1900	3.40E-02	b	1	1	2	4		0.04	D		0.171	0.169	0.170	None (combustion by-product)
193-39-5	G6	Indeno(1,2,3-cd)pyrene {16}	60	120	540	0.25	29000	2.00E-03	b	2	2	2	6			B2	0.73	0.600	0.303	0.452	None (combustion by-product)
1730-37-6	G6	Methylfluorene, 1-	38	75	340	1	1300	4.50E-02	b	1	1	2	4					0.118	0.5	0.309	None (combustion by-product)
832-69-9	G6	Methylphenanthrene, 1-	38	75	340	0.46	1600	3.80E-02	b	1	1	2	4					0.294	0.5	0.397	None (combustion by-product)
2381-21-7	G6	Methylpyrene, 1-	60	120	540	0.12	3300	1.90E-02	b	1	1	2	4					0.476	0.5	0.488	None (combustion by-product)
91-20-3	G6	Naphthalene {16}	38	75	340	0.75	69	9.05E-01	b	1	0	1	2		0.02	C		0.035	0.258	0.147	None (combustion by-product)
129-00-0	G6	Pyrene {16}	60	120	540	0.32	1100	6.00E-02	b	1	1	2	4		0.03	D		0.353	0.213	0.283	None (combustion by-product)
INORGANIC & ORGANIC METALS																					
7440-38-2	G7	Arsenic Compounds [As(III), dissolved]	---	---	---	---	---	1.50E-01	k	---	---	---	---		0.0003	A	1.50	0.5	0.955	0.728	Pesticide (legacy agriculture)
56-35-9	G7	Bis (tributyltin) oxide [TBTO, hexabutyldistannoxane]	9	208	78	0.125417	4537	9.37E-01	b	0	1	1	2		0.0003	D		0.5	0.742	0.621	Biocide in underwater & anti-fouling paints

ATTACHMENT 6.11 (Draft Final P3L)

			PBT PROFILER RESULTS											HUMAN HEALTH CRITERIA				RANK			
CASRN	Group	Chemical Name	Half-life (water)	Half-life (soil)	Half-life (sed)	Half-life (air)	BCF	Fish Toxicity (mg/L)	Basis	"P" Score	"B" Score	"T" Score	Total Score	Non-Cancer	RfD (mg/kg/d)	EPA WOE Cancer	Oral Cancer Slope Factor	Aquatic	Human	Total	Principal Use(s)
7440-43-9	G7	Cadmium Compounds [dissolved]	---	---	---	---	---	2.50E-03	k	---	---	---	---		0.0005	B1	0.0018	0.5	0.753	0.626	Metal finishing
7439-92-1	G7	Lead Compounds [dissolved]	---	---	---	---	---	6.50E-02	k	---	---	---	---			B2		0.5	0.5	0.500	Pesticide (legacy agriculture); industrial processes; Plumbing
22967-92-6	G7	Methylmercury (1+ ion)	38	75	338	1.3125	100	9.64E+02	a	1	0	0	1		0.0001	C		0.5	0.854	0.677	None
7782-49-2	G7	Selenium Compounds [total]	---	---	---	---	---	5.00E-03	k	---	---	---	---		0.005	D		0.5	0.483	0.492	Industrial processes
PHTHALATE ESTERS																					
117-81-7	G8	Bis-(2-ethylhexyl)phthalate (DEHP)	15	30	140	0.79	64	1.16E-04	c	1	0	2	3	D		B2	0.01	0.918	0.180	0.549	Plasticizer
84-61-7	G8	Di-cyclohexyl phthalate (DCP)	38	75	340	0.87	12000	6.00E-03	c	2	2	2	6					0.541	0.5	0.521	Plasticizer
26761-40-0	G8	Di-iso-decyl phthalate (DIDP)	38	75	340	0.82	3.2	1.40E-01	j	2	0	1	3	D				0.535	0.045	0.290	Plasticizer (general purpose)
28553-12-0	G8	Di-iso-nonyl phthalate (DINP)	38	75	340	0.87	3.2	1.40E-01	j	2	0	1	3					0.682	0.5	0.591	Plasticizer (vinyl toys)
84-75-3	G8	Di-n-hexyl phthalate (DHP)	9	17	78	1.1	1100	3.00E-02	j	1	1	2	4	D				0.853	0.067	0.460	Plasticizer
117-84-0	G8	Di-n-octyl phthalate	15	30	140	0.79	64	8.74E-05	c	1	0	2	3					0.941	0.5	0.721	Plasticizer (general purpose)
PERFLUORINATED SURFACTANTS																					
434-90-2	G9	Decafluorobiphenyl	180	360	1600	120	23000	1.70E-02	b	2	2	2	6					0.076	0.5	0.288	Organic synthesis
335-76-2	G9	Perfluorodecanoic acid (PFDA)	180	360	1600	31	10	1.87E-03	b*	2	0	2	4					0.959	0.5	0.729	Anti-stain coatings
307-55-1	G9	Perfluorododecanoic acid (PFDoDA)	180	360	1600	31	3.2	4.67E-05	b*	2	0	2	4					0.976	0.5	0.738	Anti-stain coatings
754-91-6	G9	Perfluorooctane sulfonamide (PFOSA)	180	360	1600	180	10000	6.66E-04	b	2	2	2	6					0.594	0.5	0.547	Anti-stain coatings (banned 2000)
2058-94-8	G9	Perfluoroundecanoic acid (PFUnDA)	180	360	1600	31	3.2	2.83E-04	b*	2	0	2	4					0.971	0.5	0.735	Anti-stain coatings
POLYCHLORINATED NAPATHALENES																					
32241-08-0	G10	Heptachloronaphthalene	180	360	1600	190	6100	1.42E-04	b	2	2	2	6					0.929	0.5	0.715	Insulation, Preservatives, Dyes
1335-87-1	G10	Hexachloronaphthalene	180	360	1600	88	240000	1.32E-03	b	2	2	2	6					0.435	0.5	0.468	Insulation, Preservatives, Dyes
1321-64-8	G10	Pentachloronaphthalene	180	360	1600	39	69000	4.00E-03	b	2	2	2	6					0.094	0.5	0.297	Insulation, Preservatives, Dyes
1335-88-2	G10	Tetrachloronaphthalene	60	120	540	18	22000	1.40E-02	b	2	2	2	6					0.159	0.5	0.329	Insulation, Preservatives, Dyes
1321-65-9	G10	Trichloronaphthalene	60	120	540	7.9	7100	4.40E-02	b	1	2	2	5					0.400	0.5	0.450	Insulation, Preservatives, Dyes
DIOXINS & FURANS																					
1746-01-6	G11	2,3,7,8-TCDD (as total TEQ)	180	360	1600	21	34000	6.00E-06	l	2	2	2	6			B2		0.912	0.5	0.706	None (trace contaminant and combustion by-product)
Count	175																				

ATTACHMENT 6.11 (Draft Final P3L)

			PBT PROFILER RESULTS											HUMAN HEALTH CRITERIA				RANK			
CASRN	Group	Chemical Name	Half-life (water)	Half-life (soil)	Half-life (sed)	Half-life (air)	BCF	Fish Toxicity (mg/L)	Basis	"P" Score	"B" Score	"T" Score	Total Score	Non-Cancer	RfD (mg/kg/d)	EPA WOE Cancer	Oral Cancer Slope Factor	Aquatic	Human	Total	Principal Use(s)
* GROUPS						* BASIS FOR FISH TOXICITY VALUES																
	G1	Biocides (pesticides, herbicides, etc.)	70			(a)	U.S. EPA ECOSAR(tm) program, 90-day chronic value for fish														
	G2	Phramaceuticals and personal care products	27			(b)	U.S. EPA ECOSAR(tm) program, 30-day chronic value for fish														
	G3	Polychlorinated biphenyls (PCBs)	18			(c)	U.S. EPA ECOSAR(tm) program, lowest chronic value for fish														
	G4	Halogenated flame retardants	9			(d)	U.S. EPA ECOSAR(tm) program, 14-day LC50/10 for fish														
	G5	Industrial chemicals	14			(e)	Choi et al. (2008), for trimethoprim (subsequently removed)														
	G6	Polycyclic aromatic hydrocarbons (PAHs)	14			(f)	Kolpin et al. (2002) *Environ Sci Technol* 36: 1202-1211, lowest LC50/10.														
	G7	Inorganic and organic metals	6			(g)	U.S. EPA, Office of Pesticide Programs, Aquatic Life Benchmark table, chronic value														
	G8	Phthalate esters	6			(h)	PAN Pesticides database, lowest mean LC50/10														
	G9	Perfluorinated surfactants	5			(i)	U.S. EPA Mid-Atlantic Risk Assessment, Freshwater Screening Benchmarks														
	G10	Polychlorinated naphthalenes (PCNs)	5			(j)	Staples et al. (1997) *Environ Tox Chem* 16(5): 875-891.														
	G11	Dioxins & Furans	1			(k)	U.S. EPA, Current National Recommended Water Quality Criteria (2006)														
			175			(l)	Concentration equivalent to NOEL for trout eggs (Walker & Peterson, 1994)														
						*	Chemical may not be soluble enough to measure this predicted effect.														



SB 737 Requires ...

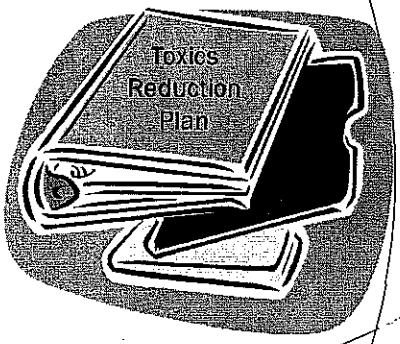
- By June 2009
  - DEQ to consult with all interested parties to develop a list of priority persistent pollutants (the P^3 List) that have a documented effect on human health, wildlife and aquatic life, and

- By June 2010
  - DEQ to report to the Legislature on the list of priority persistent pollutants; point, nonpoint and legacy sources of priority persistent pollutants "from existing data;" and source reduction and control methods that can reduce discharges of these pollutants.

2

SB 737 Then Requires ...

- By July 2011
  - Oregon's 52 large municipal wastewater treatment plants (WWTPs) to develop toxics reduction plans to reduce persistent pollutants occurring in their effluent at levels above "trigger levels" set by DEQ.

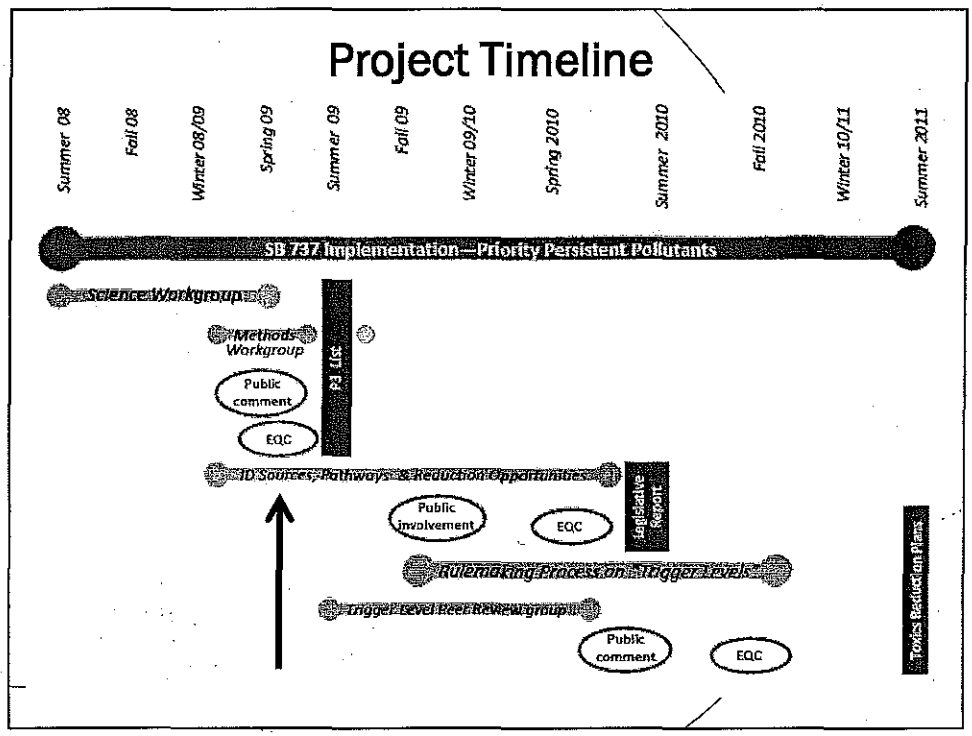


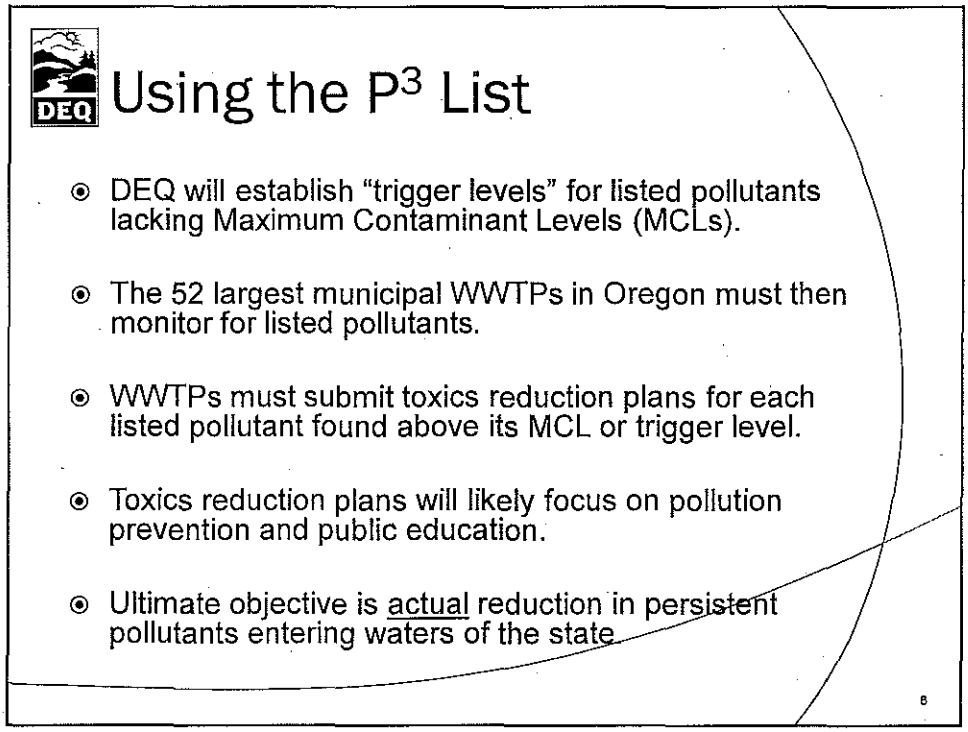
3

Specific Requirements

- Directed by the language of SB 737, the P^3 List is a prioritized list of ...
  - "...persistent pollutants that pose a threat to waters of the state..."
    - A "persistent pollutant" is defined as a chemical that is toxic and {persists or accumulates}.
  - Pollutants discharged in Oregon.
- SB 737 requires that DEQ "...consult with interested local and tribal governments, state and federal agencies and other private organizations..."
  - DEQ's collaborative approach has included broad internal & external coordination.

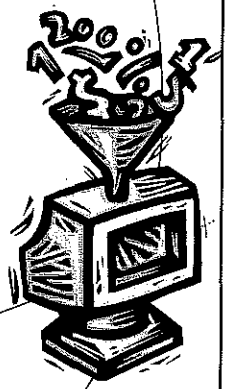
4


Project Timeline
Summer 08
Fall 08
Winter 08/09
Spring 09
Summer 09
Fall 09
Winter 09/10
Spring 2010
Summer 2010
Fall 2010
Winter 10/11
Summer 2011
SB 737 Implementation—Priority Persistent Pollutants
Science Workgroup
Methods Workgroup
Public comment
EQC
P3 List
ID Sources, Pathways & Reduction Opportunities
Public involvement
EQC
Legislative Report
Rulemaking Process on Trigger Levels
Trigger Level Peer Review group
Public comment
EQC
Toxics Reduction Plans


DEQ
Using the P3 List
DEQ will establish "trigger levels" for listed pollutants lacking Maximum Contaminant Levels (MCLs).
The 52 largest municipal WWTPs in Oregon must then monitor for listed pollutants.
WWTPs must submit toxics reduction plans for each listed pollutant found above its MCL or trigger level.
Toxics reduction plans will likely focus on pollution prevention and public education.
Ultimate objective is actual reduction in persistent pollutants entering waters of the state
8

Developing the P3 List

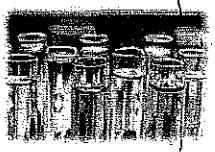
- Design Constraints
  - Fulfill specific SB 737 requirements.
  - Use science-based, pre-defined criteria.
  - Transparency as to the roles of science and policy.
- List Development Process
  - More than 2000 pollutants were assessed based on toxicity, persistence & bioaccumulative properties.
  - The Draft Final P3 List was narrowed to 175 pollutants.



7

The Draft Final P3 List

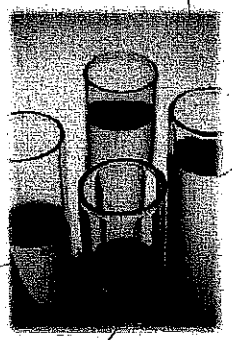
- Pesticides and Herbicides – 70 pollutants (40% of total)
  - Chlorthalonil (Active ingredient in 114 registered products)
  - Pendimethalin (Active ingredient in 73 registered products)
- Pharmaceuticals & Personal Care Products - 27 (15%)
  - Triclosan - antimicrobial in consumer products
  - Codeine - analgesic drug
  - Musk tetralin - fragrance in consumer products
- Polychlorinated Biphenyls (PCBs) - 18 (10%)
  - Enclosed electrical systems; otherwise legacy pollutants
- Industrial Chemicals -14 (8%)
  - Octachlorostyrene - incineration processes that combine carbon and chlorine (e.g., chlor-alkali production)



8

The Draft Final P^3 List

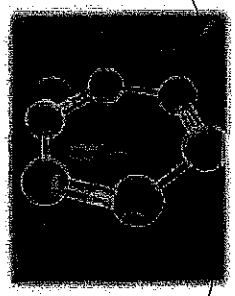
- Polycyclic Aromatic Hydrocarbons (PAHs) - 14 (8%)
  - No specific uses; by-products of incomplete combustion processes
- Halogenated Flame Retardants - 9 (5%)
  - TBPH - PVC plasticizer for wires & cables, coated fabrics
  - TBBPA - epoxy printed circuit boards
- Inorganic and Organic Metals - 6 (3%)
  - Arsenic - legacy agriculture
  - Lead - industrial processes, legacy plumbing
- Phthalate Esters - 6 (3%)
  - DEHP - used to make plastics flexible



9

The Draft Final P^3 List

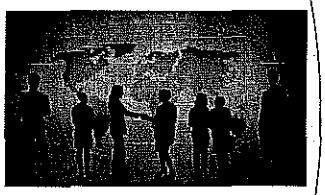
- Polychlorinated Naphthalenes (PCNs) - 5 (3%)
  - No current uses; largely banned by early 1980's; legacy contaminant
- Perfluorinated Surfactants - 5 (3%)
  - Fabric treatments ("Scotchguard" until 2003), fire fighting foams, food wrapper coatings, cosmetics
- Dioxins and Furans - 1 (as TEQ) (<1%)
  - No specific uses; by-products of incomplete combustion processes (particularly plastics); contaminants in herbicides; legacy contaminants



10

Public Comment Period

- 30-day public comment period
  - March 2-27, 2009
  - 55 written comments received
- Four public information sessions
  - Pendleton (8 people)
  - North Bend (11 people)
  - Klamath Falls (3 people)
  - Portland (~65 people)



- Other public outreach (150+ people)
  - Teleconferences with stakeholders
  - Invited meetings with stakeholders
  - Educational presentations
  - Inter- & Intra- Agency coordination

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Public Reached

- General public
- Impacted Municipalities
- Industrial Trade Associations
- Agricultural Businesses
- Personal Care Product Manufacturers
- Tribal Nations
- Environmental Organizations
- Academic Community

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General Comments Received

- General:
  - Overall support for project and toxics reduction, particularly in drinking water and fish.
  - General misunderstanding of what this list will be used for.
  - Requests to extend public comment period.
- Policy:
  - Criticism of science & methods workgroup composition.
  - Feasibility of reduction: many requests to either retain or remove legacy pollutants from the list.

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Technical Comments Received

- Concern about use of model to estimate persistence values, rather than using industry-submitted data for values.
- Requests to add / retain or remove specific pollutants from the list.
  - Requests to add / retain 69 pollutants.
  - Requests to remove 50 pollutants.
  - Conflicting requests to both retain and remove 3 pollutants.

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Comments Received on Implementation

- Concerns about cost of monitoring.
- Requests to expand requirements to other permit-holders, and addressing nonpoint sources issues.

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Modifying the P^3 List

- DEQ committed to consider information in several areas while developing the final list by June 1, 2009.
  - Information presented during public comment period.
  - Available information regarding the feasibility of reduction.
  - Availability and cost of methods.
  - DEQ will also refine the draft list based on an updated model.
- DEQ is evaluating modifications that could be made to the list between June 1, 2009 and June 2010, including:
  - Feasibility of reduction.
  - Significance of discharge.
  - Availability and cost of methods.

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What's next?

- April 29, 2009
  - Final meeting of the Science Workgroup
- June 1, 2009
  - Final P^3 List will be delivered to Legislature.
- Summer 2009
  - DEQ staff will gather information for trigger level calculations and source identification.
- Fall 2009
  - Work on rulemaking process will begin.
- Late Summer 2010
  - Trigger levels will be brought to EQC for adoption into rule.
  - 52 largest municipal WWTPs will test effluent for priority persistent pollutants.
- July 1, 2011
  - WWTPs deliver Toxics Reduction Plans to DEQ for pollutants exceeding trigger levels.
  - Toxics Reduction Plans will be incorporated by reference into NPDES & WPCF permits upon permit renewal.

Opportunities for public involvement will continue to be offered during every step of the process.

17

What is a "Trigger Level"?

- If the concentration of a priority persistent pollutant in WWTP effluent exceeds this level, it "triggers" preparation of a Toxics Reduction Plan.
- A trigger level is not, and cannot be used as, a water quality standard.
- Default value is the maximum contaminant level (MCL).
  - If there is no MCL, then its value is determined by rule.
  - MCLs reflect economic and engineering feasibility.
  - DEQ is evaluating approaches for developing trigger levels, including approaches that are analogous to MCLs.

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Source Identification

- DEQ will use existing data to identify point, nonpoint, and legacy sources of pollutants on the P^3 List.
- Will also evaluate magnitude, loading, and the likelihood for listed pollutants to be present in Oregon.
- This work will be ongoing until October 2009 and will be incorporated into the report due in June 2010.
- DEQ is conducting a survey as part of this process, and will also carry out extensive public involvement.

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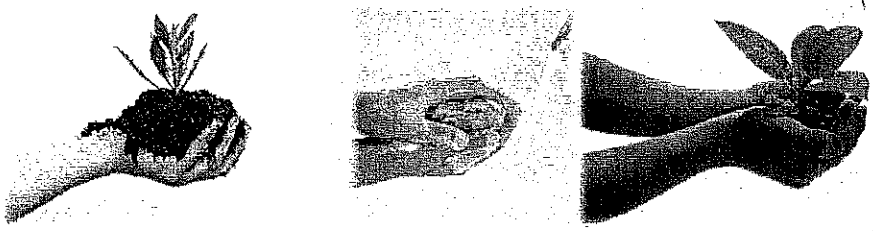
Source Reduction & Control

- DEQ will consult with all interested parties to identify existing and new options for reducing or eliminating discharges of pollutants on the P^3 List.



- A report detailing potential source reduction and control measures will be delivered to the Legislature by June 1, 2010.
- Source reduction and control measures identified through this project may be used by municipalities in Toxics Reduction Plans.

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Take Home Messages

- The P³ List focuses on pollutants which are toxic and persistent or bioaccumulative, and are discharged into Oregon waters.
  - The list is based on potential to cause threat to Oregon waters if the pollutants are present in sufficient amounts.
- The Draft P³ List will be refined by June 1, 2009. It may be modified again over the next year.
- Requirements implementing SB737 apply only to Oregon's 52 largest municipal WWTPs: Toxics Reduction Plans for municipal WWTPs discharging listed pollutants above trigger levels.
- The SB 737 requirements are about pollution prevention, not about hitting a "no-effect" level or banning these pollutants.

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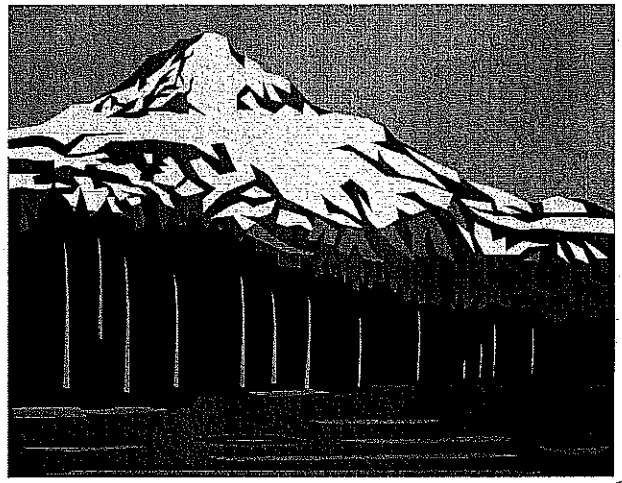
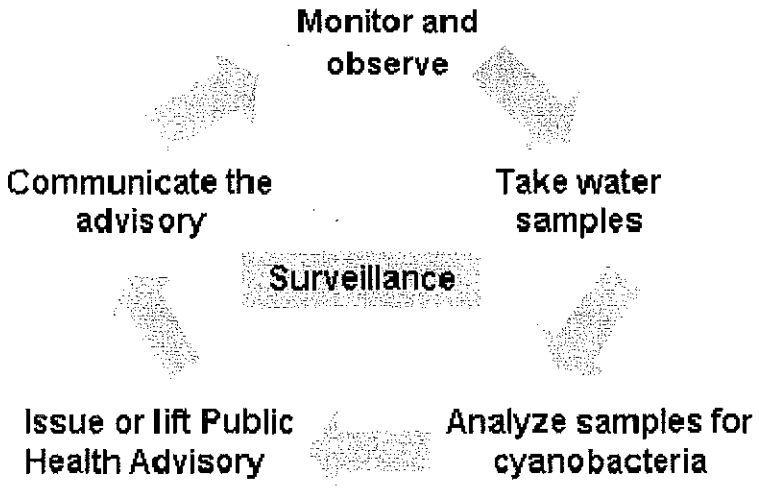
More information



http://www.deq.state.or.us/wq/SB737

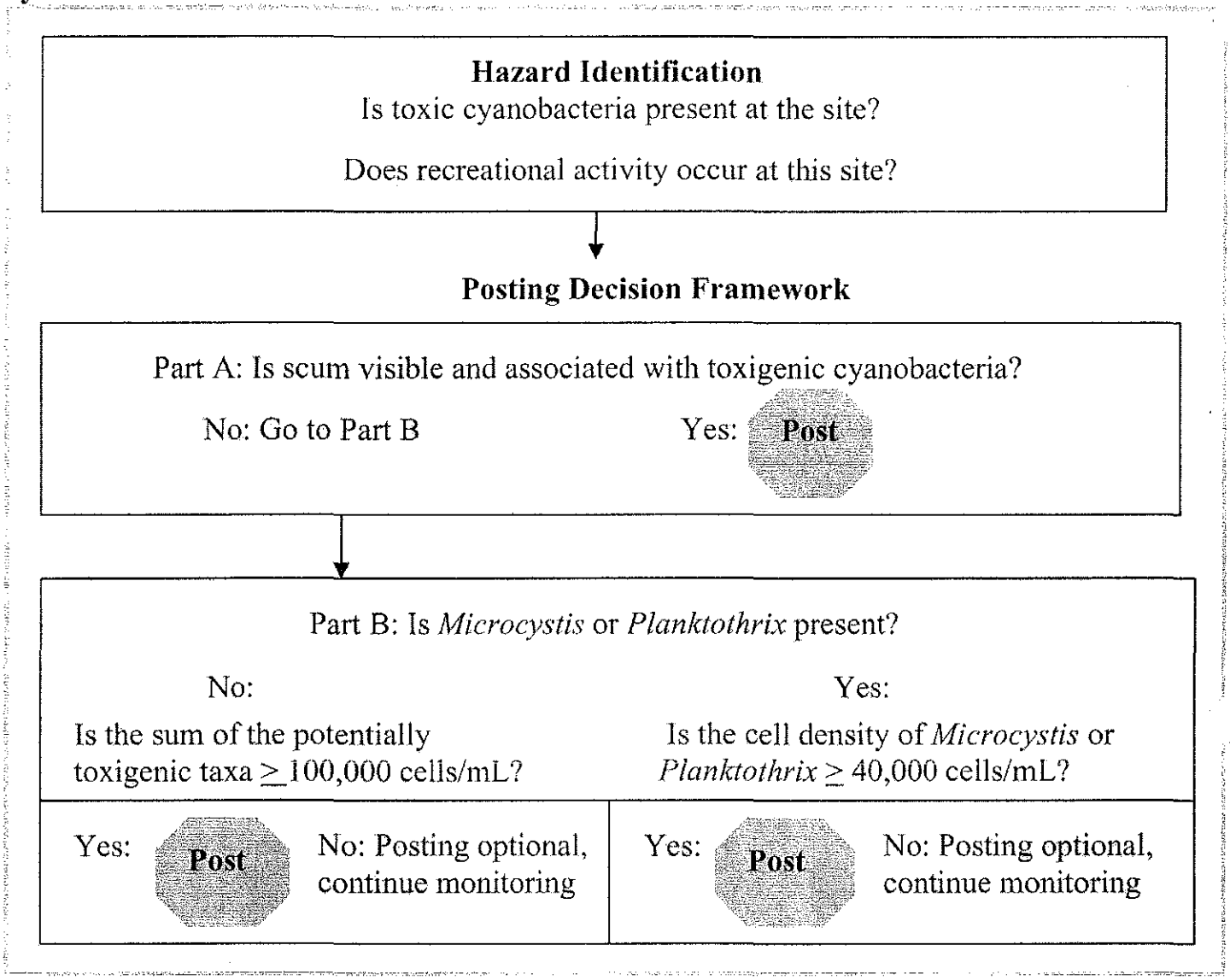
22

Primary steps involved in monitoring for and responding to cyanobacteria blooms in Oregon: DHS perspective



Step	Who is doing the work	Role of DHS
Monitor and Observe Conditions	Water body manager, advocacy groups, other stakeholder groups, surrounding land owners	Provide guidance in establishing a monitoring program
Take water samples	Water body manager, Local water authority, other stakeholder groups, and surrounding land owners	Provide guidance in sampling techniques for getting a representative sample
Analyze samples for cyanobacteria	Lab hired to perform the analysis	Provide a list of labs with analytical capability
Issue or Lift Public Health Advisory based on the data	DHS in coordination with local county health departments	Review test results to determine if a recreational water contact health advisory is warranted or should be lifted. Coordinate with State Drinking Water Program if drinking water supplies are impacted
Communicate the advisory (via press release and directly to designated partners)	DHS, partner agencies, local county health department, and other stakeholder groups	Inform our partners, general public, drinking water providers, and other stakeholder groups of the advisory and what can be done to protect health
Public Health Surveillance	DHS through cooperative agreement with the Centers for Disease Control	Collect data to identify trends in blooms and potentially associated illnesses in order to inform prevention / outreach activities

Decision framework used by DHS for issuing advisories in recreational waters for cyanobacteria



DHS relies on federal, state, and local partners to monitor waterbody conditions, take a sample when a bloom is evident, and have that sample analyzed. Some of our partners include:

Oregon Dept of Environmental Quality
Oregon DHS Drinking Water Program
Oregon Marine Board
Oregon Dept of Fish and Wildlife
Oregon Department of Agriculture
Oregon Dept of Parks and Recreation
U.S. Geologic Survey
U.S. Army Corps of Engineers
US Bureau of Reclamation
USDA Forest Service
Local County Health Departments
Municipal water suppliers
Local water districts and lake managers
Not for profit agencies (Tualitin Riverkeepers)
Utility Companies (PacifiCorp)

Recreational health advisories for cyanobacteria issued by DHS

2008 Recreational health advisories (n= 14, average length = 52 days, total advisory time = 732 days)			
Waterbody Name	**County**	**Duration in Days**	**DEQ Region**
Odell Lake	Klamath	15	Eastern
Wickiup Reservoir	Deschutes	14	Eastern
Wickiup Reservoir	Deschutes	25	Eastern
Willow Creek Lake	Morrow	49	Eastern
Willow Creek Lake	Morrow	104	Eastern
Tualatin River	Washington/ Clackamas	13	Northwest
Devils Lake	Lincoln	81	Western
Dexter Reservoir	Lane	34	Western
Dorena Reservoir	Lane	33	Western
Hill Creek Lake	Lane	62	Western
Lemolo Lake	Douglas	48	Western
Lemolo Lake	Douglas	27	Western
Lost Creek Lake	Jackson	134	Western
Siltcoos Lake	Lane	93	Western
2007 Recreational health advisories (n= 8, average length = 39 days, total advisory time = 311 days)			
Waterbody Name	**County**	**Duration in Days**	**DEQ Region**
Odell Lake	Klamath	19	Eastern
Willow Creek Reservoir	Morrow	42	Eastern
Willow Creek Reservoir	Morrow	75	Eastern
Detroit Lake	Marion	14	Western
Hill Creek Lake	Lane	26	Western
Lemolo Lake	Douglas	55	Western
Lost Creek Lake	Jackson	28	Western
Siltcoos Lake	Lane	52	Western
2006 Recreational heath advisories (n= 8, average length = 24 days, total advisory time = 191 days)			
Waterbody Name	**County**	**Duration in Days**	**DEQ Region**
Paulina Lake	Deschutes	11	Eastern
Willow Creek Reservoir	Morrow	48	Eastern
Diamond Lake	Douglas	42	Western
Hill Creek Lake	Lane	20	Western
Hyatt Lake	Jackson	7	Western
Lemolo Lake	Douglas	21	Western
Lemolo Lake	Douglas	17	Western
Lost Creek Lake	Jackson	25	Western
2005 Recreational heath advisories (n= 6, average length = 27 days, total advisory time = 162 days)			
Waterbody Name	**County**	**Duration in Days**	**DEQ Region**
Crane Prairie Res	Deschutes	28	Eastern
Odell Lake	Klamath	17	Eastern
Hill Creek Lake	Lane	27	Western
Hill Creek Lake	Lane	38	Western
Lookout Reservoir	Lane	40	Western
Lookout Reservoir	Lane	12	Western

DHS Harmful Algae Bloom Surveillance Program Contact Information

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Fact Sheet

Wapato Improvement District and Cyanobacteria

What is the Wapato Improvement District?

The Wapato Improvement District is a privately owned drainage district in the southwestern area of the Tualatin Basin.

What is the history of Wapato Lake?

A dike was constructed around a historic wetland/shallow lake in the 1930s. The dike decreased the level of winter and spring water flows into the area, allowing the land to be pumped dry each spring in time for farming. Canals were constructed within the lake bed to provide irrigation water throughout the property. Relatively large volumes of water are pumped from the lake bed during February and March, and smaller volumes are pumped into Wapato Creek to manage the irrigation water levels during summer.

The dike breached in December of 2007. The district was not able to repair the breach to allow spring pumping, and high water in the surrounding Wapato Creek precluded pumping to lower the lake levels until June of 2008. Emptying the lake bed was necessary for access to repair the dike. However, summer-time pumping resulted in releasing water of poor quality downstream.

The dike was repaired during the fall of 2008, and has been pumped out according to a normal schedule in 2009, with no significant downstream water quality impact yet noted.

What unusual environmental events happened in the Tualatin Basin during 2008?

A dense bloom of blue green algae was observed in the lower Tualatin in early July 2008. The bloom was dense enough for the Oregon Department of Health to issue an advisory requesting folks not to make contact with or consume the water. No toxic conditions were documented, but the cell densities of the bloom were sufficiently high that toxic conditions might have been present.

The Joint Water Commission withdraws drinking water out of the Tualatin River about 8-10 miles downstream of confluence of Wapato Creek and the Tualatin. During June and July of 2008, the commission received complaints of taste and odor problems, and experienced difficulty treating Tualatin water to meet their drinking water standards. The expense to prepare water for drinking exceeded recent year's expenses by more than $285,000 over previous year's expenses.

On July 31, the Tualatin Riverkeepers reported a fish kill in Wapato Creek downstream of the pump-house-outlet of Wapato Lake. The Oregon Department of Fish and Wildlife responded late in the day on July 31, and asked the Wapato Improvement District to decrease the pumping rate from Wapato Lake into Wapato Creek. DEQ sampled water quality on August 1 and tested for dissolved oxygen levels, temperature, acidity and pesticides. DEQ did not find violations for any of the water quality parameters sampled.

Steve Dyck, a farmer in the area, reports that there was a blue green algae bloom in Wapato Lake or Wapato irrigation water during the early irrigation season of 2008. Mr. Dyck also reported crop damage and human health reactions including skin rashes and skin irritation upon contact with the water, which he has attributed to the blue green bloom. DEQ staff were not aware of these problems at the time they occurred, and are still not sure when the problem occurred, how long it lasted, or how dense the bloom was.

What caused the fish kill at Wapato Lake?

Data that conclusively identifies what caused the fish kill in Wapato Creek in July 2008 is not available. Low dissolved oxygen and high temperature are the most likely suspects, because they are common causes of fish death. Dissolved oxygen and temperature levels can change quickly in water. Levels may be lethal to fish initially and improve sufficiently to support aquatic life in a relatively short period of time. DEQ did not measure any parameters at concentrations that would have caused fish death, so presumably water conditions changed between the time of death and DEQ samples.

Did water from Wapato Lake contribute to the blue green algae bloom in the lower Tualatin River?

It is possible that water high in total phosphorus and somewhat high in algal density contributed

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

Last Updated: 04/17/09
By: Sally Puent

to the formation of a blue green bloom in the lower Tualatin River. The U.S. Geologic Service has been looking at various data collected over the summer in the Tualatin basin and is preparing a report that should be available later this spring. Their work suggests that water from Wapato was a major contributor to the bloom. Water quality data from the mainstem of the Tualatin demonstrates that there were much higher concentrations of total phosphorus at upstream sites in the watershed in the spring of 2008 than in the previous 3-4 years. What is not clear is whether the Wapato area contributed most or all of the phosphorus, and if it did, if that contribution was enhanced by the farming activities, or would have occurred under similar seasonal circumstances without the district's efforts to repair the dike.

Why did DEQ choose not to take enforcement action against the Wapato Improvement District last summer?

To take an enforcement action, DEQ must show that a party has violated a law. The district does not have a discharge permit (for more details see question 6), so no permit violations were observed. DEQ does not generally issue permits for drainage district activities (see question 6), so the Wapato Improvement District was not in violation for failing to hold a permit.

In order to take enforcement action in the absence of permit violations, by law DEQ must show both a violation of a water quality standard and clear evidence that the party in question caused or contributed to that violation. In this case, DEQ data did not show violations of any water quality standards.

Data collected by the district suggested that taste and odor problems originated in Wapato Creek. This finding prompted the commission to collect additional data weekly. The data collected suggests that low dissolved oxygen may be a problem at the site. The commission used field probes to collect dissolved oxygen data in Wapato Creek. Field probes are useful for monitoring purposes, but they are not of sufficient quality for DEQ to use to assess penalties against the Wapato Improvement District.

Once the district's activities were identified as a potential problem, the district was cooperative with the Joint Water Commission, DEQ and other parties in identifying the water quality issues, changing their pumping activities, and agreeing to work on a management plan for the district's facility.

Why is DEQ not requiring the Wapato Improvement District to apply for a permit?

The Wapato Improvement District undertakes two main discharge activities; the district releases irrigation water from a pump-house site during the months of May-September. This activity is expressly excused from permitting requirements under the Federal Clean Water Act.

The district also pumps water from their lake bed in early spring. This is not an irrigation activity, and a federal discharge permit (referred to as a "NPDES" permit) could be considered for this activity. The "permit test" here is whether there is a discharge, and if so, if pollutants are being added to the discharge. In this case, there is clearly a discharge from the pump house in the spring, but under normal operations, it is not clear that the district's activity is adding pollutants to the discharge. DEQ has not issued federal discharge permits for other similar activity in the state. DEQ does have the authority to issue permits for this activity if DEQ determines that discharge of a pollutant is likely to occur.

What actions will the Wapato Improvement District take to minimize environmental impacts?

The district is working with DEQ to develop a management plan including an operating plan that does not allow summer time discharges for volumes greater than those needed to manage irrigation in the Wapato lake bed and in surrounding Wapato Creek. The plan also requires the district to notify DEQ and selected downstream water users as the district undertakes normal operations, and when there are any changes to normal operations.

Does DEQ require the Wapato Improvement District to monitor the quality of their pump water?

After the fish kill at Wapato, the district has cooperated with the Joint Water Commission, DEQ and other parties to develop and implement a management plan for their operations. The commission regularly conducts water quality monitoring in the upper Tualatin Basin, and has added this site as one of its regular monitoring sites. Staff from the commission are familiar with the required monitoring techniques and procedures, and can complete this task with more ease than the district. Due to this partnership, DEQ has not imposed a monitoring requirement on the district. The management plan does include a detailed communications plan, so that if this aspect of the partnership is discontinued, DEQ may change the requirements accordingly.

What authorities and responsibilities does DEQ have over blue green algae blooms and impacts?

Blue green blooms can create an aesthetic nuisance, contribute to taste and odor problems in drinking water, and may produce liver and neurotoxins at sufficient concentrations to kill mammals who consume tainted water. Studies from Australia and New Zealand suggest that blue green toxins may also taint crops irrigated with water affected by a blue green algae bloom. Each of these adverse conditions is contrary to at least one water quality standard, and can impair beneficial uses protected by those standards.

DEQ has the authority to enforce these water quality standards. By doing so, DEQ supports these beneficial uses (in this case, irrigation).

What does the future hold for the Wapato Improvement District?

The Wapato Improvement District was originally formed to allow farmers to plant onions, a cash crop at the time the district was formed. Since then, the price for onions has fallen, and the crops planted these days do not produce as much cash for farmers. Thus, the district struggles to maintain its facilities (the dike and pumps).

Over the years, landowner interest in selling the farmland for wetland reclamation and use as a wildlife reserve has grown. Since 2000, the US Fish and Wildlife Service has pursued a plan to purchase the land, hoping to acquire all of the holdings, and restore the area to a wetland. The USFWS now has several holdings in the area. Due to funding limitations, their purchase plan will take a few years to complete. For the most part, the plan is not controversial; owners seem interested in selling their property at a market price. If the USFWS budget for land acquisition continues at the current level, the USFWS would have the financial ability to complete purchases in the next 3 to 4 years. USFWS is currently developing a management plan to restore the area once it is under USFWS ownership. DEQ has contacted them, expressing interest in the management procedures to preclude future water quality problems.

What are state and federal agencies doing to respond to future cyanobacteria blooms?

The historic and on-going approach by state and federal agencies and other resource managers has been surveillance, coordination, and communication.

Surveillance: Although DEQ has the expertise to collect and analyze samples for cyanobacteria toxins, DEQ and the other state agencies do not have the funding to conduct this monitoring and analysis. The natural resource management agencies (U.S. Forest Service, U.S. Army Corps of Engineers, etc.) have traditionally conducted or paid for monitoring of cyanobacteria when blooms are detected. This cyanobacteria monitoring is conducted on an ad hoc basis when blooms are observed or complaints received.

Coordination: Through a Center for Disease Control grant, the Public Health Division of the Oregon Department of Human Services has begun a Harmful Algae Bloom Surveillance (HABS) Program that seeks to provide an understanding about the occurrence of toxic algae blooms in Oregon and their impact on human health. Through the HABS Program the Public Health Division has begun coordinating and hosting task force meetings that include the state and federal agencies involved in cyanobacteria blooms. The first task force meeting was held on March 12, 2009 with an objective of improving coordination and communication between agencies for the upcoming cyanobacteria bloom season. This was the first meeting in a series anticipated to occur over the next four years. Agency roles and responsibilities are still being defined and will be determined prior to the cyanobacteria bloom season. But in general agency responsibilities are:

- Lake and land managers will be responsible for surveillance;
- The Public Health Division and the County Health Departments will be responsible for determining whether a public health advisory is warranted;
- Communication to the general public on public health advisories is usually a joint effort by the Public Health Division and the land or lake management agency;
- And, depending on jurisdiction, DEQ or the Oregon Department of Agriculture would be responsible for water quality regulation if warranted.

Communication: The Public Health Division and the land or lake management agencies are responsible for communication of the public health advisories to the general public.

Alternative formats

Alternative formats (Braille, large type) of this document can be made available. Contact DEQ's Office of Communications & Outreach, Portland, at (503) 229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696.

State of Oregon
Department of Environmental Quality Memorandum

Date: March 25, 2009

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda Item K, Informational Item: Wapato Lake Update
April 17, 2009 EQC Meeting

Purpose of Item The purpose of this agenda item is to inform the Environmental Quality Commission about the 2008 cyanobacteria bloom in the Tualatin River near the Wapato Lake area and describe how state agencies will deal with cyanobacteria blooms in the future.

Background

What are cyanobacteria?

Cyanobacteria, or blue-green algae, are a group of photosynthetic bacteria that are an important part of many terrestrial and aquatic ecosystems. In aquatic ecosystems, under favorable conditions, cyanobacteria cells can multiply and form blooms. Cyanobacteria blooms are aesthetically unpleasant and can have serious environmental impacts.

There are many forms of cyanobacteria and some of them are capable of producing a wide array of neurotoxins, liver toxins, cell toxins and skin irritants. The toxins are a threat to humans and animals if they consume them in drinking water supplies, have contact with them during recreational activities, or consume fish that have absorbed the toxins. The human health risks associated with these cyanotoxins are an increasing concern to water managers worldwide.

In Oregon, the most common toxic cyanobacteria blooms are from *Microcystis sp* that produce the toxin microcystin and *Anabena sp* that primarily produce the toxin anatoxin-a. In 2008 the Oregon Department of Human Services issued blue-green algae (cyanobacteria) public health advisories for:

Devil's Lake
Dexter Reservoir
Dorena Reservoir
Hills Creek Reservoir
Lemolo Lake
Lost Creek Lake
Odel Lake
Siltcoos Lake
Tualatin River
Wickiup Reservoir
Willow Creek Reservoir

What happened prior to and during the cyanobacteria bloom near the Wapato Lake area?
Many contributing events occurred prior to the cyanobacteria bloom in the summer of 2008, including:

- December 2007: Wapato Dike breached, allowing the lake to flood with water;
- Spring 2008: high flows in the upper Tualatin River prevented the customary dewatering of Wapato Lake for farming;
- Summer 2008: Tualatin basin water receded sufficiently for the high Wapato Lake level to recede naturally, followed by the lake being pumped by the Wapato Improvement District;
- June-August 2008: The Joint Water Commission experienced sharp increases in the cost to treat Tualatin River water at its drinking water treatment plant;
- July 2008: A bloom of potentially toxic blue-green algae was observed in the lower Tualatin River; DHS posted an advisory to avoid contact and consumption;
- July 31, 2008: DEQ was notified about fish kill in a canal near Wapato outlet; the Oregon Department of Fish and Wildlife investigated on July 31 and DEQ took water samples on August 1. No water quality violations were observed during the August 1 sampling;
- Late summer 2008: Third party reports were received about Wapato irrigation water being of low quality and objectionable to the touch, and also suggested that observed crop damage may be due to Wapato water quality; and
- DEQ does not have data that indicates Wapato Lake was a direct contributor or the only contributor to the blue-green algae bloom.

What were the state agencies' responses to the Wapato Lake cyanobacteria bloom?

DEQ is involved in on-going coordination activities regarding the algae bloom:

In Fall 2008, an environmental group and a researcher requested that DEQ, ODA, and DHS analyze crop tissue for cyanobacteria toxins. DHS did a literature review and found that the effects of irrigating crops with water containing cyanobacteria toxins were not widely studied. DHS discovered an Australian brochure on cyanobacteria toxins and crops and forwarded that information to DEQ and the Oregon Department of Agriculture. However, there remains little guidance for sampling and analysis of crop tissue sample or criteria or guidelines for evaluating the sampling data.

At the time of the bloom, DHS had an ad hoc program in place to respond

to harmful algae blooms. The newly funded Harmful Algae Bloom Surveillance program within DHS is interested in crop tissue data and information; however, it remains unclear how they would use crop and soil data at this time. The DHS Harmful Algae Bloom Surveillance program is attempting to meet the needs of Oregonians with regards to acute exposures to harmful algae blooms by tracking harmful algae bloom characteristics and potentially related health effects. Human exposure through crops irrigated with water contaminated with harmful algae is a lower priority to DHS than some of the other cyanobacteria bloom concerns such as waterbody surveillance which is a known route of exposure to cyanobacteria toxins.

DHS is planning to host a Harmful Algal Bloom information summit later this year. The agency would like to feature emerging risks at that summit, and this type of problem fits into that summit. The new DHS Harmful Algae Bloom Surveillance program enhances the capabilities of the ad hoc effort that has been on-going for several years. In general, the land or lake managers, including the U.S. Forest Service and U.S. Army Corps of Engineers, and drinking water providers have conducted the monitoring or funded analysis for algal species identification or toxin analysis. These activities are coordinated with DHS for assistance in posting health advisories. This program has been traditionally limited to surface water surveillance.

DEQ has been coordinating with ODA to determine if data from plant or soil samples would be useful to them. ODA has determined that because there are no water quality or food safety standards and no reports of human health issues that can be traced back to a crop field, the plant tissue and soil toxin data would not be useful for their regulation of water quality or food safety.

What has DEQ done to address the factors that may have lead to the cyanobacteria bloom in the Wapato Lake area?

DEQ met with Wapato Improvement District stakeholders on three different occasions in the fall of 2008 to discuss Wapato project operations, water quality impacts during 2008, the need for improved communications and the need for a Wapato Improvement District Management Plan. Wapato Improvement District provided a site tour to DEQ, the Joint Water Commission and Agriculture personnel in September 2008 and is actively cooperating and communicating with the Joint Water Commission. With permission from the Wapato Improvement District, the Joint Water Commission has installed a staff gage in the canal downstream from Wapato Lake and is sampling water quality in the canal, downstream of the Wapato facility and upstream as needed.

The draft Wapato Management Plan has been completed and was circulated for review by the Wapato Improvement District in March and will be circulated to interested stakeholders for review in early April, with a target date of mid to late April for a final plan. The plan will outline how the lake water is to be managed to minimize water quality impacts.

What are the on-going efforts by state and federal agencies for cyanobacteria blooms?

The historic and on-going approach by state and federal agencies and other resource managers has been surveillance, coordination, and communication.

- **Surveillance:** Although DEQ has the expertise to collect and analyze samples for cyanobacteria toxins, DEQ and the other state agencies do not have the funding to conduct this monitoring and analysis. The U.S. Forest Service, U.S. Army Corps of Engineers and other natural resource management agencies have traditionally conducted or paid for monitoring of cyanobacteria when blooms are detected. This cyanobacteria monitoring is conducted on an ad hoc basis when blooms are observed or complaints received.
- **Coordination:** DEQ participated in the DHS-hosted interagency cyanobacteria task force meeting on March 12, 2009. The objective of the meeting was to improve coordination and communication between agencies for the upcoming cyanobacteria bloom season. This is the first meeting in a series anticipated to occur over the next four years. Agency roles and responsibilities are still being defined and will be determined prior to the cyanobacteria bloom season. Generally, the lake and land managers will be responsible for surveillance, DHS and the county health departments will be responsible for determining whether a public health advisory is warranted, DHS and the lake and land managers will collaborate on communication of public health advisories and, depending on jurisdiction, DEQ or ODA would be responsible for water quality regulation if warranted.
- **Communication:** DHS and the land or lake management agencies are responsible for communication of the public health advisories to the general public.

Next Steps DEQ will continue to coordinate with the other state and federal agencies on cyanobacteria blooms through participation in the DHS-hosted Cyanobacteria Task Force.

Attachments None

Approved:

Section:

Division:

Report prepared by: Gene Foster
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