State of Oregon
Department of Environmental Quality Memorandum

Date: Nov. 13, 2018

To: Environmental Quality Commission

From: Richard Whitman, Director

Subject: Agenda item L, Informational and Discussion Item: Director's Report
Nov. 15-16, 2018, EQC meeting

1. Environmental Data Management System (EDMS)

Staff from DEQ and the Department of Administrative Services reviewed vendor proposals in early October and advanced two of the three applicants to the next round. During round two of the vendor selection process, the two applicants met with project staff to provide demonstrations of the software tools that could become the agency's Environmental Date Management System. DAS and DEQ project staff also completed more detailed cost analyses as part of the second evaluation step.

DEQ project staff completed the Round 2 final evaluation wrap up meeting with DAS Procurement Services on November 5. DEQ issued a notice of intent to award the final contract this to enfoTech on Nov. 6, 2018. After a protest period, DEQ and DAS will begin contract negotiations with the selected EDMS vendor, with a goal of having a final contract in place by the end of December 2018.

2. DEQ Toxics Reduction Strategy

DEQ is updating its Integrated Toxics Reduction Strategy and is examining new opportunities for reducing toxic chemicals and pollutants in Oregon. DEQ created its first Toxics Reduction Strategy in 2012. The updated strategy is designed to improve integration among and fill gaps in current toxics reduction activities in DEQ's air, water and land quality programs. The strategy describes toxics reduction work occurring at DEQ and in partnership with other entities, and includes proposed actions to complement existing programs.

DEQ is emphasizing integration of toxics reduction and assessment activities across all agency programs by formalizing the cross-program team that developed the strategy. This team will guide the implementation of proposed strategy actions, and help identify and address concerns and opportunities related to priority toxics that affect multiple environmental media.

DEQ is proposing 15 actions in addition to formalizing the cross-program team. These actions fall into two categories: Implementation-Ready Actions and Program Evaluation and Research Actions. DEQ staff will present an informational item on the updated Strategy at the January 2019 EQC meeting.

3. Water Quality

3.1. NPDES Permit Issuance

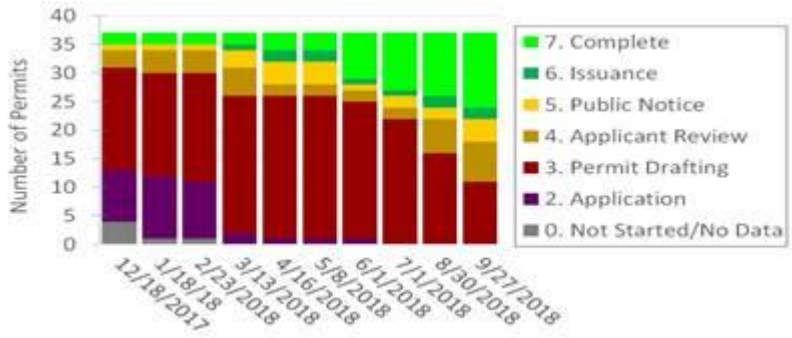
The Water Quality Division published the 2019 NPDES Permit Issuance Work Plan at the end of September. The plan identifies 48 individual NPDES permits that DEQ will actively develop between Oct. 1, 2018 and Sept. 30, 2019. Permits identified range from relatively straightforward to complex. DEQ anticipates issuing 30 permits by the end of FFY 2019.

The division will continue to use the dedicated NPDES permit writer approach. The 2019 permit issuance work plan is the culmination of a lot of hard work by Jeff Navarro and Steve Schnurbusch with significant contributions from the regional permit writers. DEQ successfully issued permits in 2018 and expects that trend to continue. Thank you, Team!

Three NPDES permits were issued in September:

- Depoe Bay
- Fishhawk Lake
- Boise – Medford Plywood

The chart below illustrates the progress the program is making toward the NPDES permit issuance goal for 2018.



3.2. EPA Determination of DEQ Satisfactory Progress on Implementing the State's Nonpoint Source Program

In September, EPA determined that Oregon has made "satisfactory progress" implementing its nonpoint source management program in 2017. The Clean Water Act requires States to report annually on progress implementing their nonpoint source management programs, and each year EPA must determine whether the State has made "satisfactory progress" implementing the program. Oregon's 2017 nonpoint source annual report is the primary means by which EPA made this determination and evaluated performance. A satisfactory progress determination is

important because it allows EPA to release 319 grant funds that support DEQ nonpoint source staff positions and funds the annual 319 pass through grants.

In its letter, EPA identified a number of notable accomplishments that Oregon made in 2017 including:

- Drinking Water Program completing 50 of the highest priority "Updated Source Water Assessments";
- Putting the water quality data management system (AWQMS) into operation;
- Participating in the biennial review of 16 agricultural water quality management plans and completing water quality status and trend reports to support those reviews;
- Implementing the Pesticide Stewardship Partnership (PSP) Program;
- Completing the Conservation Effectiveness Partnership (CEP) analysis in Prairie Creek (Wallowa Subbasin)
- Submitting Western Hood Temperature and the Upper Klamath and Lost River Nutrient Subbasins TMDLs;
- Designating the North Fork of the Smith River and its tributaries and associated wetlands Outstanding Resource Waters.

4. Air Quality

4.1. Clean Vehicle Rebate Program

In my last Director's Report, I noted that procurement requirements will mean that it will take until early 2019 to select a contractor to operate this new program. Due to the length of time this is taking, and the desire to start getting direct incentives for Clean Vehicle purchases in place, DEQ is exploring ways to (in the interim) begin issuing rebates using in-house and/or temporary resources. Due to the fact that the federal tax credit for electric vehicles runs on a calendar year basis, we expect heightened interest in EV purchases at the end of the calendar year (December). So far, in 2018, approximately 1,800 EV purchasers have filed phase one applications for a state rebate ($2,500).

4.2. Clean Fuels Program

Oregon is continuing to see reductions in greenhouse gas emissions from the transportation sector as a result of the requirement for fuel suppliers to lower the carbon intensity of their fuels. Recently, the Bend Bulletin requested information concerning specific transactions involving the sale and purchase of credits for lower-carbon fuels. Fuel suppliers have obtained a temporary court order blocking DEQ from releasing the requested records.

5. Eastern Region Highlights

5.1. Chemical Waste Management – Arlington Facility

Chemical Waste Management of the Northwest, a hazardous waste disposal facility in Arlington, recently upgraded elements of its Organic Recovery Unit to better manage hazardous waste and treat air emissions with a thermal oxidizer. That upgrade, which the facility agreed to with DEQ and EPA in 2012, resulted in a permit modification. In parallel to that modification action, concerns were raised that the Arlington facility may be releasing mercury during its incineration of some wastes and raised concerns about the facility.

DEQ takes reports of potential environmental harm seriously, and is evaluating the concerns as part of the regular permit renewal processes for both the hazardous waste and air permits. During the review process, scheduled in the coming year, DEQ will review data and evaluate necessary changes to hazardous waste and air permits for the facility. In addition to agency review, any proposed permit changes will be open to the normal public engagement and comment processes.

5.2. North Ridge Estates, Klamath Falls

DEQ staff joined partners and stakeholders in Klamath Falls in late October to celebrate completion of the remedial action at the North Ridge Estates Superfund site. North Ridge Estates is a residential subdivision that was contaminated with asbestos, with cleanup starting in July 2016. DEQ worked with many government, federal, state and local partners for this project, including the Klamath Tribes, and agencies including EPA, ODOT, Oregon Department of State Lands, Klamath County and the City of Klamath Falls to accomplish the cleanup.

North Ridge Estates was an especially collaborative project for DEQ, highlighted by DEQ facilitation of a land swap between ODOT and DSL that provided a source of clean fill for the site. The swap saved the state approximately $1 million in project costs due to the in-kind contribution of the clean fill. The State of Oregon is responsible for approximately 10 percent of the $40 million project and for future operation and maintenance of the on-site repositories. Numerous DEQ staff have worked on the project including Katie Robertson, Cliff Walkey, Kelly Hill and Frank Messina.

5.3. Ammonia Release in Hood River

DEQ worked with multiple other agencies after a coolant pipe broke October 8 at Willis Orchards in Hood River, releasing 4,200 pounds of ammonia to the atmosphere in a 50-foot airborne plume. The release was contained and the scene declared "all clear" within 90 minutes, however some temporary evacuations were done for safety precaution as ammonia can cause respiratory harm if inhaled and burns if skin is exposed. This facility is not required to have an air permit from DEQ because the ammonia is for refrigeration purposes in a closed-loop system, but EPA does retain oversight under Section 112 of the federal Clean Air Act. EPA determined that the amount of ammonia released fell below permitting levels, so EPA and DEQ enacted the

standard response process for the incident and do not expect additional action for this facility or event.

6. Northwest Region

6.1. NW Metals

DEQ is pursuing formal enforcement action against NW Metals for a variety of environmental violations, including improper waste tire storage and stormwater management. DEQ has also directed NW Metals to obtain an air quality permit for a piece of equipment called a shredder, which cuts apart cars and other materials so they can be recycled.

NW Metals appealed the civil penalty DEQ issued on August 30, and DEQ submitted the case to Oregon's Office of Administrative Hearings to obtain a final, enforceable order. The date for this hearing is pending at this time.

DEQ conducted a joint inspection of NW Metals with Portland Fire and Rescue and Bureau of Development Services on Oct. 2, 2018. DEQ confirmed NW Metals has made some progress but is still behind schedule on required cleanup activities and remains out of compliance with environmental laws. DEQ will continue overseeing work at the site until all cleanup requirements are complete.

6.2. Astoria Marine Construction Company: Cleanup Progress

DEQ has reached an agreement to settle liability and clean up historic contamination at Astoria Marine Construction Company, also known as AMCCO. The site has been a ship manufacturing and repair facility on the Lewis and Clark River near the mouth of the Columbia since 1924, providing services to both the U.S. military and west coast fishing vessels. AMCCO has determined that future operations at the site are not feasible and will cease business operations activities prior to implementation of the cleanup, which could occur as early as summer of 2019.

EPA initiated efforts in 2011 to list the site in its Superfund program. In 2012, an agreement between EPA and the State of Oregon deferred the site listing, and EPA transferred site management to DEQ.

Under the settlement agreement, AMCCO will implement the DEQ-approved cleanup remedies and will be released from further liability. DEQ will perform ongoing monitoring and maintenance of the riverbed sediment remedy, using DEQ orphan program funds, of the in-water area after the cleanup remedy is implemented. AMCCO retains responsibility for upland maintenance. The agreement also includes a natural resource damages assessment and restoration plan agreed upon by project trustees, including tribal governments and natural resource agencies.

6.3. Armstrong World Industries in St. Helens: Cleanup Progress

The Armstrong World Industries site is a former fiberboard manufacturing plant in St. Helens,

Oregon. The site includes about 38 acres of developed land and over 100 acres of adjacent wetlands in Scappoose Bay that were contaminated by industrial activities.

In June 2018, DEQ issued its final cleanup plan, also known as Record of Decision, to address contaminated surface soils in the upland portion of the site. DEQ is working with the current property owner, Armstrong World Industries, to complete cleanup of the upland. Phase I of the cleanup includes soil excavation and disposal, and was completed in October 2018. Phase II includes installation of a gravel and asphalt cap, and is expected to be completed in 2019.

In September 2016, one of the former property owners, Kaiser Gypsum Company, filed for bankruptcy, delaying work on the wetland portion of the site. As part of the bankruptcy, DEQ filed a claim against Kaiser for remedial action costs for both the upland and wetland areas. The wetland cleanup remains on hold while DEQ works to resolve its claim.

6.4. EPA Proposes Changes to the Portland Harbor Superfund Cleanup Plan

The U.S. Environmental Protection Agency has proposed changes to the cleanup plan for the Portland Harbor Superfund Site, a 10-mile stretch of the Lower Willamette River in Portland. The proposed changes are based on over five years of research that showed that the chemical benzo(a)pyrene is less toxic for people who contact or ingest the chemical than previously thought. The toxicity of BaP is used as the basis for evaluating risk for a group of contaminants called carcinogenic polycyclic aromatic hydrocarbons, or cPAHs, that are targeted for cleanup in Portland Harbor.

Based on the updated health risk information, EPA is proposing to change the cPAH cleanup levels in the river's beaches and nearshore sediments. The new cleanup levels will require less sediment dredging and capping. Due to these changes, the cleanup area is expected to be reduced by about 17 acres out of the total 2,200 acres, and cost about $35 million less than the original $1 billion cleanup estimate. The proposed changes to the 2017 cleanup plan are described in an Explanation of Significant Differences document. EPA is taking public comment on the ESD through Dec. 21, 2018. DEQ agrees with the proposed technical changes but will review and consider all public comments before making a final determination on whether to concur with EPA's final proposal.

7. Western Region

7.1. Jordan Cove Energy Project

The Jordan Cove Energy Project has withdrawn and resubmitted its application for the project's 401 Water Quality Certification. DEQ was awaiting additional information from the applicant that it needed to make a decision on the application. The applicant chose to withdraw and resubmit the application to restart the review period, as allowed under state and federal rules. DEQ will complete its analysis of the certification once it receives all necessary information. At

this time, DEQ is not able to assess the timeline for potential agency actions due to the re-start of the review period.

7.2. Logsden Biosolids Re-authorization

In late October, Western Region staff invited public comments on the biosolid site authorizations in the Siletz-Logsden area for the City of Toledo, the City of Siletz and the Inn at Otter Crest. DEQ will hold a public hearing at 6 p.m., Thursday Dec. 13, 2018, at the Newport Visual Arts Center. Comments on the proposed re-authorization are due by Dec. 21, 2018.

Biosolids are nutrient-rich organic materials resulting from the treatment of sewage. When treated and processed, biosolids may be recycled and applied as fertilizer to improve and maintain productive soils and stimulate plant growth. These applications are limited to levels and amounts that do not increase risks to human health or the environment. Class B biosolids, as proposed in the re-authorization, are treated to meet EPA requirements to reduce disease-causing organisms and prevent rodents and insects from being attracted to the biosolids.

The areas covered by the proposed re-authorization are part of the Oregon's mid-coast region. Some areas of this region have contaminated groundwater caused in part by excess nutrients, like nitrogen and phosphorous. The application of biosolids has not been shown to contribute to the area's groundwater concerns; however, DEQ does expect the proposed re-authorization to attract significant public interest. As with all biosolid application authorizations, DEQ requires regular reporting from the permit holder and conducts site inspections. DEQ also reviews the permittee's annual biosolids monitoring reports to check for compliance.

More information about this proposal, and biosolids in general, is available in the DEQ public notice for this project: https://www.oregon.gov/deq/get-involved/documents/122118biosolids.pdf