

EQC Meeting – July 13, 2017

Agenda Item T – Informational Item: Budget and 2017 Legislative Session Updates Handouts

Agenda Item T Overview

Introductions

Overview

Description of Handouts

DEQ 2017-19 Legislative Agenda Development Timeline

2017-19 Budget Overview

Budget and Legislative Highlights from 2017 Session

Discussion and Reflections

Next Steps:

- Budget certification at September EQC Meeting

DEQ's 2017-19 Legislative Agenda Development Timeline

June 2015

- DEQ 2015-17 Budget adopted

August – December 2015

- Development of 2015-17 Operating Budget
- Analyze priority work and determine need for policy packages or legislative concepts

August 2015

- **12-13 – EQC meeting – presented new ARB development process; discussion on commission engagement**

October 2015

- **14-15 – EQC meeting – update on ARB development process**

November 2015

- **5 – EQC meeting – special meeting to focus on agency strategic directions and 2017-19 ARB development**

December 2015

- **9-10 - EQC meeting – updates on the 2017-19 legislative agenda; 2016 legislative activities and budget**

January - September 2016

- Development begins on 2017-19 Budget

February 2016

- 1 - Legislative Session begins
- **2-3 - EQC Meeting**
 - **Budget Update**
 - **Discussion of projected General Fund availability for 2017-19 and implications for funding prospective policy packages**
 - **Preview of 2016 Session**
 - **Focus on draft legislative concepts and budget policy packages**

March 2016

- 6 – Legislative Session statutory end date
- 15 – Budget and Legislative Concept Instructions are released by DAS (estimated date)
- Ongoing legislative concept and budget policy package development

April 2016

- 15 – Legislative concepts are due to DAS
- **20-21 – EQC meeting – review of policy packages and legislative concepts**
- Stakeholder outreach
- Ongoing legislative concept and budget policy package development

May 2016

- Ongoing budget development
- Stakeholder outreach

June 2016

- 3 - DAS submits approved legislative concepts to Legislative Counsel
- **8-9 - EQC Meeting – update on legislative agenda; review of budget request prior to budget submittal to DAS for audit**
- 22 – Salem stakeholder meeting

- 24 - Last day to modify legislative concepts
- 30 - Budget request submitted to DAS for audit

July 2016

- **13 – EQC Work Session**
- Budget narrative development
- Work with Legislative Counsel on legislative concepts

August 2016

- **17-18 - EQC Meeting – legislative agenda update and Chair signs the Budget Certification Form (part of the agency of budget request document)**
- Budget narrative development
- Work with Legislative Counsel on legislative concepts

September 2016

- 1 – Agency Request Budget document due to DAS and Governor
- Work with Legislative Counsel on legislative concepts

October 2016 – February 2017

- DEQ continues to work with Legislative Counsel on draft bills (legislative concepts)
- DAS and Governor review DEQ budget request
- DAS Analyst prepares Governor's Recommended Budget.
- Governor's Recommended Budget submitted to the Legislature (12/1)
- Governor pre-session files approved bills (12/9)

November 2016

- **2-3 EQC meeting – legislative agenda update**

December 2016

- 1 – Governor's Recommended Budget is released

January 2017

- 9 – 2017 Legislative Session begins – organizational days (3 days)
- **17-19 – EQC meeting – pre-Session review of legislative agenda and Session activities**
- 25 – Stakeholder meeting in Salem

February 2017

- 1 – Regular 2017 Legislative Session begins
- 22 – Revenue Forecast

March – April 2017

- Ways and Means hearings
- **4/19-20 EQC Meeting – Budget and Session update**

May 2017

- 16 – Revenue Forecast

July 2017

- **DEQ 2017-19 Budget adopted**
- **7 – Sine Die**
- **10 – Constitutional Deadline for Adjournment**
- **11-13 – EQC meeting – post session update**

**Budget and Legislative Highlights from 2017 Session
Presentation to Environmental Quality Commission
July 13, 2017**

EQC

SB 377 – Appointment of DEQ Director

Provides that the Governor appoints the directors of DEQ, ODFW and OBDD, subject to confirmation by the Senate. **(Died)**

SB 5518 – DEQ Budget Bill

AGENCY MANAGEMENT

AM policy packages approved

Pkg. 161 – Environmental Data Management System (\$750,000 General Funds and \$351,685 Other Funds.). Supports the development of an environmental data management system that will provide interactive service to the public and stakeholders, while also standardizing and streamlining agency internal business practices. Adds 7 additional positions and 3.63 FTE. DEQ received \$750,000 in General Fund and \$351,685 Other Funds to continue planning for EDMS. DEQ agreed to ask for additional funding in the short session, once DEQ has passed Stage Gate 2.

AM bills of interest

[HB 2332](#) – Requires agencies with 100 or more employees to develop a maximum supervisory ratio as part of the budget development process. Prohibits agencies from filling vacant supervisory positions without approval of the Department of Administrative Services if agency ratio is greater than the maximum ratio. **(Passed)**

[HB 2906](#) – Requires state agencies to share geospatial data according to specific data standards beginning in 2020. **(Passed)**

[HB 3312](#) - For rules implementing certain federal environmental laws that EQC or DEQ has been delegated authority to administer, prohibits commission from amending or revising rules to be less stringent than certain federal standards and requirements. **(Died)**

[HB 3361](#) – Requires state agencies to comply with open data standards and a technical standards manual to be developed by the State Chief Data Officer, and to publish data on a state web portal by May 1, 2019. **(Passed)**

[SB 377](#) - Provides that the Governor appoints the directors of DEQ, ODFW and OBDD, subject to confirmation by the Senate. **(Died)**

[SB 481](#) – Establishes time frames for responding to public records requests; payment of fees for records; and requester response to agency requests for clarification. **(Passed)**

WATER QUALITY PROGRAM

WQ positions eliminated due to revenue shortfall or workload reduction

- 2.0 FTE in groundwater and toxics monitoring (Lab NRS2 and Chem2)
- 1.5 FTE in groundwater protection (HQ NRS4 Hydro; WR NRS4 Hydro)
- 1.0 FTE in water quality standards (HQ NRS4)
- 1.0 FTE in stormwater permitting (WR NRS2)
- 1.0 FTE in CWSRF (HQ PA1)

WQ reduction option implemented

- Eliminate TMDL implementation position (ER NRS3)

WQ policy packages approved

Pkg. 120 – Minimizing Impacts from Urban Stormwater (\$480,209 Other Funds.). Authorizes fee increase to restore one position and establish one new position to enable DEQ to fulfill its regulatory responsibilities to protect water quality by issuing permits to minimize pollutants in stormwater runoff from urban areas.

Pkg. 124 – Onsite Loan Program. Provides \$1.5 million in one-time funding to continue onsite loan program. Allows up to \$200,000 for DEQ's administrative costs.

Pkg. 125 – Water Quality Permit Program Improvements (\$500,000 General Fund and \$214,286 Other Funds, 3.27 FTE.). Establishes four new positions to develop and implement integrated information management procedures and reporting systems.

Pkg. 181/191 – Clean Water State Revolving Fund (\$30 million and \$10 million Non-Limited Funds). Recommends limitation to provide \$30 million of additional CWSRF loans using the federal capitalization grant monies DEQ expects to receive during the biennium. Also recommends non-limited expenditure approval to fund \$150,000 of bond issuance costs associated with bonds issued to provide the state match component of up to three federal capitalization grants, and limitation to provide \$10 million debt service for the bonds.

Other bills with budget implications

House Bill 5045 - HB 5045 is the funding mechanism associated with implementing the transportation package (HB 2017). It includes one Water Quality position, funded by a revenue transfer from ODOT, to provide regulatory oversight and compliance assistance to ensure ODOT's practices and projects do not cause water pollution.

WQ key bills - passed

SB 3 – Suction dredge gold mining

- Beginning January 2018, lifts moratorium on suction dredge mining and replaces it with a permanent prohibition in waters designated as Essential Salmonid Habitat.

SB 812 – Onsite Loan Program

- Clarifies that loans are available for regional evaluations of septic systems and that loans must be used to finance sewer hook-ups for properties where connection to sewer is required by local government.
- Allows for loans to cover less than 100 percent of the project costs if the loan applicant requests a lesser amount.

SB 1039 – Ocean acidification

- Establishes Oregon Coordinating Council on Ocean Acidification and Hypoxia to review information and develop recommendations to ensure a coordinated and effective response. The DEQ Director or designee has a seat on the council.

HB 2017 and HB 5045 – Transportation package and funding

- HB 5045 establishes a new position funded by a revenue transfer from ODOT to oversee stormwater (MS4) and other water quality issues related to ODOT's operations and construction projects.

WQ other bills of interest

HB 2404 – Requires landlords to test well water. **(Died)**

HB 2012 - Establishes Ontario-area economic development region and establishes Board; establishes Fund at OBDD and appropriates \$5 million for grants or loans. **(Passed)**

HB 2179 - Allows onsite treatment of septage prior to application of biosolids on exclusive farm use land using treatment facilities that are portable, temporary and transportable by truck trailer during authorized period of time. **(Passed)**

HB 2784 – Designates ODA as lead agency for commercial shellfish cultivation. Directs ODA to conduct a pilot project for increasing frequency of monitoring at commercial harvesting areas. **(Passed)**

SB 644 - Exempts county permit application for large precious metal mining operation in certain counties from certain land use goals and rules related to EFU lands. **(Passed)**

LAND QUALITY

LQ positions eliminated due to revenue shortfall

- 2.9 FTE in emergency preparedness and response.

LQ policy packages approved

Pkg. 131 – Materials Management Implementation. Establishes 5 new positions to continue implementation of the *Materials Management 2050 Vision*. Positions are funded with fees approved in 2015.

Pkg. 132 – Continue Underground Storage Tank Inspection. Restores 2 UST inspectors and establishes a PA2. Positions are funded with fee increase approved in HB 2268.

Pkg. 135/183/193 – Orphan Bonds. Approves 2 sales of orphan bonds to provide \$10 million funding for cleanup at sites where the responsible party is unknown, unable or unwilling to complete cleanup. Approves General Fund as source of repayment (\$500,000 in 1719).

LQ key bills – passed

[**HB 2268**](#) – Increases Underground Storage Tank fees to restore and continue the UST inspection program.

[**HB 2968**](#) – Requires DEQ to study and propose actions necessary to develop a program to clean up contaminated sites that would satisfy state and federal requirements.

[**SB 871**](#) – Establishes that cities within the state can establish ordinances or programs for demolition of residences or residential buildings. Sets certain requirements that must be followed, if a city establishes such ordinances or program, for mitigating lead paint and asbestos releases into the air.

LQ other bills of interest – NOT passed

[**HB 2131**](#) – Establishes requirement for railroads to file contingency plans with DEQ for high hazard train routes.

[**HB 2645**](#) – Establishes a prescription take-back (product stewardship) program for disposal of pharmaceuticals.

[**HB 3105**](#) – Establishes a product stewardship program for household hazardous waste.

AIR QUALITY

AQ positions eliminated due to revenue shortfall

- 2.0 FTE from Title V permitting
- 4.0 FTE from ACDP permitting
- 7.0 FTE from Vehicle Inspection Program

AQ policy packages approved

Pkg. 113 – Implement Clean Air Oregon Air Toxics Monitoring (\$2.5 million General Fund, 6.76 FTE).

Originally requested \$3,340,616 for real-time metals monitoring, six air toxics trends sites, 50 particulate monitors and moss studies. Modified to fund the purchase of monitoring equipment and 6.76 FTE to collect and analyze data from six air toxics trend sites and 25 fine particulate monitors in locations throughout the state.

Pkg. 114 – Reducing wood smoke pollution in local communities (\$250,000 General Fund).

A one-time \$250,000 General Fund appropriation to support local efforts and initiatives focused on reducing fine particulate matter from residential wood burning.

Pkg. 115 – Reduce Diesel Emissions To Improve Public Health (\$10,737,022 Other Funds, 2.50 FTE).

Requested \$422,860 (1.0 FTE) General Fund and \$10,255,537 Other Fund (1.50 FTE). Modified to shift all positions and funding to Other Funds to develop administrative rules and to implement an award program to distribute \$72.9 million in Volkswagen settlement funds that are restricted to reducing diesel emissions.

Other bills with budget implications

House Bill 5045 - HB 5045 is the funding mechanism associated with implementing the transportation package (HB 2017). It includes one Air Quality position responsible for managing the development and implementation of two electric vehicle rebate programs.

House Bill 5006 – HB 5006 appropriated \$500,000 in General Fund to the department for the purpose of conducting a statewide inventory of non-road diesel engines. The department is directed to hire a third-party contractor to conduct the study and report findings to the Legislature no later than May 1, 2019. Takes statewide reductions from all agencies. Air program funding is reduced by (\$234,069) General Funds; (\$888,549) Other Funds; (\$122,687) Federal Funds.

AQ key bills - passed

SB 1008 – VW Settlement Funds

- Authorizes receipt of Volkswagen settlement funds.
- Limits use of those funds to school-bus replacement and retrofit projects, until further direction from the Legislature.

HB 2017 and HB 5045 – Transportation package and funding

- Modifies low carbon fuel standards statutes to include additional cost containment mechanisms, requires enhanced credit market monitoring and program reporting.
- Establishes two electric vehicle (EV) rebates programs, directs DEQ to develop programs, and allows for third-party contract to implement.
- Authorizes one new position for the purpose of managing the EV rebate programs.

SB 634 – Woody Biomass as Green Technology

- Establishes biomass as a qualifying technology for the purposes of complying with the 1.5% set-aside for Green Energy Technology in certain public construction contracts.
- For proposed biomass systems in fine particulate matter (PM) nonattainment areas of the state the system must use pelletized fuel or demonstrate that PM emissions are equal to or less than a functionally equivalent pellet burning system.

AQ key bills – NOT passed

HB 2269 – DEQ Air Toxics Bill

- Establishes two fee-funded positions responsible for air quality complaint response and investigation.
- Authorizes the agency to collect a one-time fee from all air quality permittees to fund the remaining program development work associated with Cleaner Air Oregon.
- Modernizes statutes relating to Oregon's Clean Diesel Engine fund and authorizes receipt of funds associated with the Volkswagen settlement.
- Allows assessment of civil penalties for violations of certain motor vehicle emission standards by persons other than motor vehicle owners and their lessees.

SB 557 / HB 2135 / SB 1070 – Establishes Greenhouse Gas Cap and Trade Program

- Establishes a cap and trade system in Oregon. DEQ would have a number of obligations and responsibilities related to the development and implementation of the program.
- SB 1070 was introduced in the final days of the session with 33 co-sponsors, indicating an interest in continuing work on this issue.

LONG TERM VACANT POSITIONS ELIMINATED

Agency Management

- Mail services assistant at headquarters (1 FTE)
- Accounting Tech at headquarters (1 FTE)
- Information Services Specialist 2 at headquarters (.54 FTE)
- Business system/infrastructure development at headquarters (1 FTE)
- Help Desk specialist at headquarters (ISS 2, 1 FTE)

Water Quality

- 401 hydro position in eastern region (1 FTE)
- NRS 4 receipts authority position (.5 FTE)
- NRS 2 suction dredge study position (1 FTE)
- Seasonal chemist position (.5 FTE)
- 401 permit coordinator position (.5 FTE)

Land Quality

- Cleanup project manager northwest region (1 FTE)
- Cleanup project manager eastern region (1 FTE)

Air Quality

- Three Natural Resource Specialist 3 positions (2.0 FTE)
- One Chemist 3 position (0.5 FTE)