

**EQC Presentation Outline
June 9, 2016**

Legislative Updates

- May 23-26 Legislative Days
 - Emergency Board request – air toxics
 - Presentations

State revenue forecast

DEQ 2017-19 Agency Request Budget Development Process

- Timeline (handout)
- DEQ Legislative concepts
 - ~~Oregon Dry Cleaner Program, including fees~~ (deleted)
 - Underground Storage Tank Compliance Tank Fee Increase
 - Air Toxics / Title V fees
 - ~~Environmental Data Management System (placeholder)~~ (deleted)
- DEQ Policy packages (handout – DEQ 2017-19 package summary)
 - Reviewing the rankings
 - Stakeholder feedback
 - Your reflections
- July 13-14 EQC special meeting

Questions?

DEQ's 2017-19 Legislative Agenda Development Timeline

June 2015

- DEQ's 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
 - Determine cost of currently approved programs adjusting for 2017-19 costs
 - Estimate future revenues
 - Develop the Trial Budget, DEQ's look at affordability for 2017-19
 - Shift work between funding sources
 - Establish tentative reductions to balance the 2017-19 Trial Budget
 - Determine which reductions will be made permanent and which DEQ will ask to "restore" through requests for new General Funds, new fees or increases to current fees – If any
 - Develop 10% budget reduction options on all funding types; likely need to do 20% for GF & LF.
 - Refine budget package proposals for new work that DEQ anticipates doing
 - Refine legislative concepts

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

- Budget narrative development

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)
- 18-19 – EQC meeting (tentative date) – pre-Session review of legislative agenda and Session activities

February 2017

- 6 – Regular 2017 Legislative Session begins

PKG NO	PROG	Package Title	Rank	Cost	Number of Positions	FTE	FUND TYPE	Position Classification & Location	DESCRIPTION
1	ALL	Environmental Data Management System		\$ 4,000,000	19	14.5	GF	Various	DEQ needs to replace its aging permitting technology systems with a single system that provides a common platform and standardized business processes to support all agency permitting, invoicing, electronic reporting, inspections and other critical program activities. We estimate that it would 6 years to implement a system like this and would cost approximately \$15 million, including the staff to implement the system. DEQ is actively working with DAS and the state's Chief Information Officer to determine the best path forward which currently appears to be to purchase and customize a commercial-off-the-shelf system As part of scoping this project, DEQ is determining what to incorporate into the 2017-19 request, versus requests in 2019-21 and 2021-23. This package represents the best information available in June 2016, though it may change over time. The estimated cost for the 2017-19 biennium is \$6.1 million of the roughly \$15 million project. DEQ is requesting bonding to cover most of the cost of the system. If the bonding is approved, it would be repaid over four biennia, at roughly \$4 million per biennia including debt service. DEQ is requesting General Fund to cover the cost of this project.
2	Agency Managem.	Content management		\$ 169,254	1	1.0	Agency Indirect	TBD	DEQ's website content is outdated and DEQ has little expertise in web writing. DEQ proposes a content manager to ensure routine evaluation and updating of the agency's website content. This would result in website content that is timely, accurate and useful to the public.
3	Agency Managem.	Information security analyst		\$ 235,970	1	1.0	Agency Indirect	ISS 7	DEQ needs an IT security analyst to ensure security of its data and systems. Focus would be on developing and implementing a strategic IS plan, IS security policies and a plan for security incident response.
4	AQ	Community Engagement and Response		\$ 1,667,000	5	5.0	GF	Coord/commuication NRS 4, intake 2 AS 1's, responders: NRS1, 2 NRS 2's, NRS 3; equipment \$50K	DEQ logs approximately 3,600 complaints each year and the number is on the rise. Seventy percent of the complaints are air related. Currently, complaint intake is piecemeal and there is very little in-person follow up. This request will improve DEQ's response to the public's concerns. The package would establish a core complaint intake and coordination (3 FTE) group that would serve all of the DEQ programs. It would also add four FTE to expand field presence and improve communication with the public in the Air Quality program. Field responders would carry smart phones, tablets, testing equipment and cameras and could often be on the scene soon after a problem is reported.
				\$ 386,000	2	2.0	OF		

PKG NO	PROG	Package Title	Rank	Cost	Number of Positions	FTE	FUND TYPE	Position Classification & Location	DESCRIPTION
5	AQ	Cleaner Air Oregon - Monitoring		\$ 390,000	1	1.0	GF	1NRS 2; equipment-\$175K	Purchase a multi-metals continuous emissions moniting system and an FTE to operate it. (Coordinated POP with OHA)
6	AQ	Cleaner Air Oregon - Air Contaminant Discharge Permit		\$ 50,000	0	0.3	GF	TBD	The ACDP program needs a fee increase to support current staffing levels and fund 18 months of implementation of the Cleaner Air Oregon health based rules. The new positions would be permit writers. Fees were last increased in 2013 by 20% with that increase expected to support the program for two biennia.
				\$ 450,000	3	2.0	Fee		
7	AQ	Cleaner Air Oregon - Title V		\$ 170,000	1	0.8	Fee	TBD	Title V program needs a fee increase to support current budgeted positions and 18-months of implementation of the Cleaner Air Oregon health based rules.
8	AQ	Clean Diesel		\$ -	TBD	TBD	TBD	TBD	Placeholder for a package to reduce diesel emissions.
9	AQ	Woodsmoke Curtailment Program		\$ 100,000	-		GF	-	Placeholder for implementing recommendations of the Woodsmoke Task Force; \$100,000 would be for pass through monies to local communities for their woodsmoke curtailment programs.
10	LQ	Materials Management		\$ 3,020,000	5	4.5	Fee	2 NRS4, 3 NRS3, OPA 1; location TBD; Contracts \$1 million, grants \$700,000	DEQ developed a six-year strategy to implement the 2050 Vision for Materials Management. This program had two successful bills in 2015. The work accomplished in 2015-16 sets the foundation for a 2017 request. No fee increase requested.
11	LQ	Underground Storage Tanks		\$ 850,000	3	3.0	Fee	Cut and restore 2 NRS3 (inspector) positions. Add PA 2.	UST fees and grants are not sufficient to meet basic program requirements. The program is currently operating with only 2/3 of inspection staff with additional cuts in policy, manager and support positions. DEQ's program became out of compliance with EPA inspection standards in April 2016. Last fee increase was in 2007.

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12	LQ	Spills Response and Disaster Recovery		\$ 1,270,000	5	4.2	GF	Cut 2.9 FTE, restore 2.8, new 1.5; new OPA4, .5 AS1; restore ISS5, NRS4, NRS3; \$90,000 S&S in addition to FTE related S&S	DEQ needs critical resources for response to emergencies and emergency preparedness, and to ensure DEQ continuity of operations during natural disasters. Current response unit capacity is stretched thin during single event emergencies and response resources are quickly exhausted for example when responding to multiple simultaneously-occurring emergencies. DEQ and other agencies have been assigned new work on planning and response preparedness for a number of natural disasters, including the potential of a Cascadia Subduction Zone earthquake.
13	DS	Orphan bonds Debt Service		\$ 520,000		0.0	GF	Bond DS payments not to exceed 1517 bond DS payments	The orphan program is projecting a need for \$5 million par issuance in late calendar 2017 and \$5 million in 2019. This is due to upcoming EPA match requirements for NPL sites, existing orphan cleanup work and O&M. There is a small contingency for new orphans. There will be two corresponding requests for limitation only (no additional funds) to pay bond issuance costs and to spend bond proceeds on orphan cleanup work.
14	WQ	Urban Stormwater Pollution Control		\$ 490,000	2	2.1	GF	1 NRS 4 HQ (restoration), 1 NRS3, 2 NRS2, locations TBD	DEQ lacks the resources necessary to minimize pollution in stormwater runoff from urban areas through implementation of the federal MS4 permit program. This package will enable DEQ to fulfill its regulatory responsibilities and provide an adequate level of service to MS4 permittees by increasing the number of dedicated MS4 staff from one to four positions. This includes issuing timely and effective permits, providing technical assistance, evaluating compliance and providing compliance assistance where needed, conducting inspections and initiating enforcement actions when necessary, analyzing annual reports to evaluate effectiveness of pollution reduction measures and providing feedback to permittees, and responding to complaints. [These costs and FTE are estimates. Actual fee revenue will be higher to cover anticipated compensation plan changes and cash management needs.]
				\$ 430,000	2	1.9	Fee		

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15	WQ	Harmful Algae Bloom Response and Assessment		\$ 600,000	4	3.0	GF	2.0 NRS3, 0.5 NRS1, \$30,000 S&S for lab supplies	Provides permanent funding for DEQ to collect and analyze water samples in response to a HABs, in coordination with Oregon Health Authority. Also provides permanent funding for data analysis, source identification and restoration planning/coordination to minimize frequency and magnitude of HABs.
16	WQ	Groundwater Assessment and Enhancement		\$ 520,000	2	2.0	GF	2.0 NRS4 Hydro; HQ and WR	Restores statewide groundwater program coordinator and policy development position. Restores half time WR position to full time position working on Southern Willamette GWMA, permitting issues (e.g., Aquifer Storage and Retrieval) and nonpoint source GW education, technical assistance and coordination with local entities/sister agencies.
17	WQ	Onsite Septic System Loan Program [Placeholder]		\$ -	n/a	n/a	GF	TBD	Placeholder pending consultation with Gov's Office to determine whether to include a POP as a vehicle for potential additional funding in 17-19.
18	WQ	Water Quality Permitting Program Improvements [Placeholder]		\$ -	n/a	n/a	GF	n/a	In 2015 a budget note was attached to the DEQ budget. The budget note required the agency to hire a contractor to review the water quality permitting program and make recommendations to improve the efficiency and effectiveness of the program, particularly to reduce the permit backlog. This is a placeholder pending recommendations from contractor due in November 2016.
19	NL/DS	Clean Water SRF Capitalization Grant Loans and Bond Debt Service		\$ 40,170,000	n/a	n/a	OF	n/a	Authorization to make loans for \$30M of new CWSRF Capitalization Grants and limitation for \$150K for issuance costs of two \$5M bonds. Debt service for two new \$5M bonds for state match on CWSRF capitalization grants.
20	WQ	Restore water quality monitoring		\$ -	TBD	TBD	GF	TBD Lab	Water Quality program may be proposing to eliminate some monitoring resources as part of its strategy to meet a revenue shortfall. Details currently being worked out. It will likely be two positions and may result in a reduction in groundwater monitoring. This package would restore the positions.

PKG NO	PROG	Package Title	Rank	Cost	Number of Positions	FTE	FUND TYPE	Position Classification & Location	DESCRIPTION
21	WQ	Restore water quality standards position		\$ 223,000	1	1.0	GF	1.0 NRS4 HQ	Water quality program will be proposing to eliminate a water quality standards position as part of its strategy to address revenue shortfall. This package would restore the position.
				\$ 9,830,000	39	33.02	GF		
				\$ 45,881,224	18	16.15	Other Fund		
		Sum		\$ 55,711,224	57	49.2			