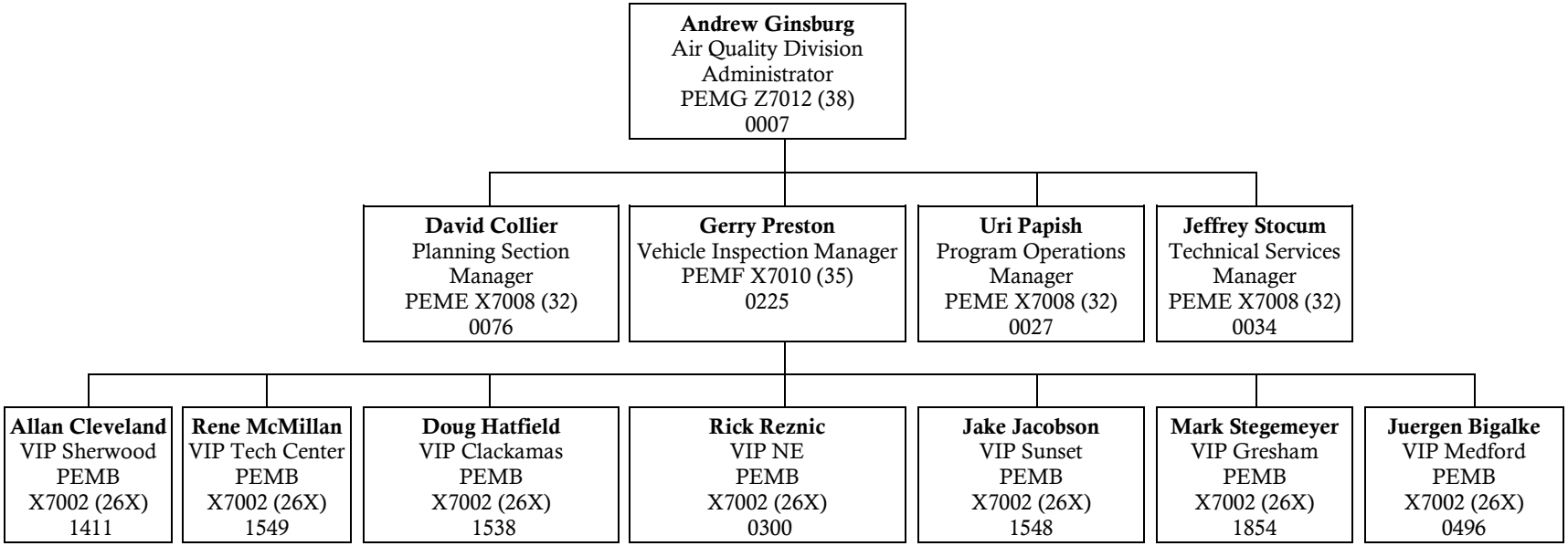
2013-2015 AIR QUALITY DIVISION



AIR QUALITY PROGRAM

	Total Positions	FTE	HQ	REG	LAB	VIP
2011-2013 LAB	227	222.75	35.12	54.34	23.26	110.03
2013-2015 Current Service Level	224	223.27	34.26	54.94	23.26	110.81
2013-2015 Adjustment Packages	-6	-6.67	-1.67	-5.00		
2013-2015 Program Packages	5	4.99	1.99	3.00	0.00	0.00
Total 2013-2015 Governor's Balanced Budget	223	221.59	34.58	52.94	23.26	110.81

Air Quality Program

I. OVERVIEW OF AIR QUALITY

Oregonians' concern about environmental quality in general, and air pollution in particular, led to Oregon's state-wide Air Quality Control Program in 1951. Beginning at that time and continuing with the creation of the Department of Environmental Quality in 1969, Oregonians have sought a healthy environment that supports a healthy economy and healthy communities, while accommodating rapid population growth. This section provides an overview of air quality, air pollutants of concern in Oregon, the current quality of Oregon's air, and the basic requirements of federal and state air quality laws.

A. AIR POLLUTANTS

1. Traditional "criteria" pollutants

Under the federal Clean Air Act, the U.S. Environmental Protection Agency has set health-based air quality standards, or criteria, for six pollutants. All areas of the country are required to achieve and maintain these standards. The six criteria pollutants are particulate matter, carbon monoxide, ozone, sulfur dioxide, nitrogen dioxide and lead. The health effects and sources of these pollutants are described in the table to the right.

Particulate matter includes particles small enough to be inhaled by people, known as PM10 and PM2.5 or fine particulate. These pollutants tend to be of most concern during winter when emissions from heating and other sources are trapped close to the ground by atmospheric inversions, although summertime wildfires have had significant localized impacts in recent years. Carbon monoxide also tends to be of concern in winter, again due to atmospheric inversions trapping pollutants close to the ground, and because motor vehicles – particularly older models – operate less efficiently when they are cold. Ground-level ozone (smog), a corrosive form of oxygen, is primarily a summer season pollutant because the reactions that cause ozone require sunlight and heat. Ground level ozone is

Traditional "criteria" pollutants

Particulate matter (PM_{10} and $PM_{2.5}$):

Health effects: Respiratory infections, heart disease, bronchitis, asthma, emphysema and cancer.

Sources: Wind-blown dust, diesel engine exhaust, wood stoves, forest slash burning, field burning and industry.

Carbon monoxide (CO):

Health effects: Heart disease, circulatory disorders, low birth weights and increased infant mortality.

Sources: Combustion, particularly from motor vehicles and boilers.

Ground-level ozone (smog):

Health effects: Irritation of the nose, throat and lungs and can cause increased airway resistance and decreased efficiency of the respiratory system; sore throat, chest pain, coughs and headaches.

Sources: The pollutants contributing to ozone formation come mainly from motor vehicles, consumer and commercial product use, combustion processes, and the evaporation of fuels, paints coatings and solvents.

Sulfur dioxide (SO_2):

Health effects: Breathing difficulty, increased pulse and respiratory rate, eye irritation, coughing, shortness of breath, fatigue and bronchitis.

Sources: Combustion of sulfur-containing fuel in boilers and motor vehicles.

Nitrogen dioxide (NO_2):

Health effects: Lung irritant and pulmonary fibrosis.

Sources: Fuel combustion in motor vehicles and boilers.

Lead:

Health effects: Brain damage, especially in children.

Sources: Smelting and other industrial and commercial operations.

distinct from the ozone layer in the upper atmosphere that protects the earth from harmful ultraviolet rays. The remaining traditional pollutants are not of concern in Oregon.

2. Toxic air pollutants

Toxic air pollutants, also known as "air toxics" or "hazardous air pollutants," are air pollutants known or suspected to cause serious health problems. There are literally hundreds of toxic air pollutants, and Congress has listed 188 of these pollutants for regulation under the federal Clean Air Act. Some toxic air pollutants are found in the air as particles while others are gases. They can be released directly from a wide variety of sources, from manufacturing to driving cars to home heating to small business activities.

EPA's National-scale Air Toxics Assessment, which models pollutant levels, identified 16 toxic air pollutants in Oregon that exceed levels of concern. Four of those pollutants are long-lived chemicals that are part of the global background and, so, are not possible to control: carbon tetrachloride; DEHP; ethylene dibromide and tetracholoroethane. The health effects and sources of the remaining air toxics are described in the following table.

Toxic Air Pollutants

Acetaldehyde:
Health effects: Eye, nose and throat irritation, likely cancer risk.
Sources: Acetaldehyde is formed as a product of incomplete wood combustion in fireplaces and woodstoves, coffee roasting, burning tobacco and vehicle exhaust fumes.

Acrolein:
Health effects: Eye, nose and throat irritation, respiratory congestion and possible cancer risk.
Sources: Motor vehicle exhaust, oil and coal power plants, manufacturing of chemicals and pesticides, and tobacco smoke.

Arsenic:
Health effects: Inorganic arsenic is a human poison; organic arsenic is less harmful. Arsenic damages many tissues including nerves, stomach and intestines, and skin. Known to cause lung cancer.
Sources: The major use for inorganic arsenic is in wood preservation. It is also a trace contaminant in fossil fuels.

Benzene:
Health effects: Causes cancer (including leukemia), blood disorders, damage to the immune system and genetic damage.
Sources: Motor vehicles, evaporation from gasoline storage and fueling, tobacco smoke, industrial solvents and chemical manufacturing.

1,3-Butadiene:
Health effects: Cardiovascular diseases and effects on the blood, as well as a probable carcinogen.
Sources: Motor vehicle exhaust, combustion of petroleum fuels and woody materials for space heating and industrial processes. It is used in the manufacturing of plastics.

Chromium (and its compounds):
Health effects: Causes damage to the respiratory tract; including bronchitis, pneumonia, asthma and cancer.
Sources: Chrome plating, disposal of products or chemicals containing chromium and burning fossil fuels.

Diesel particulate matter:
Health effects: Exacerbates asthma, a reproductive and developmental hazard, causes respiratory illness and probable cancer risk.
Sources: Diesel engine exhaust from cars, trucks, buses, construction and farm equipment, ships, tugboats and locomotives.

Toxic Air Pollutants (Continued)

Methylene chloride:

Health effects: Effects the central nervous system, including decreased visual, auditory and motor functions; considered a probable human carcinogen.
Sources: Used as a solvent in paint strippers, as a process solvent in manufacturing, as a propellant in consumer products and for metal cleaning.

Naphthalene:

Health effects: Causes cataracts and damage to the retina, a developmental hazard and a possible human carcinogen.
Sources: Produced by combustion of coal, oil, tobacco and wood; has been used in mothballs and moth flakes. It is used in the manufacture of polyvinyl chloride (PVC) plastics and toilet deodorant blocks.

Polycyclic aromatic hydrocarbons (combustion by-products):

Health effects: Cancer and respiratory damage.
Sources: Motor vehicle exhaust, residential wood heating, open burning, slash and field burning.

Perchloroethylene (Tetrachloroethylene):

Health effects: Neurological, liver, and kidney effects. Studies of dry-cleaning workers suggested increased risks for cancer. EPA considered it a probable or possible human carcinogen but is currently reassessing its potential carcinogenicity.
Sources: Used for dry cleaning and metal degreasing operations, and in some consumer products such as automotive brake cleaners. After dry cleaning with perchloroethylene, clothing will release small amounts of this chemical into the air.

Trichloroethylene:

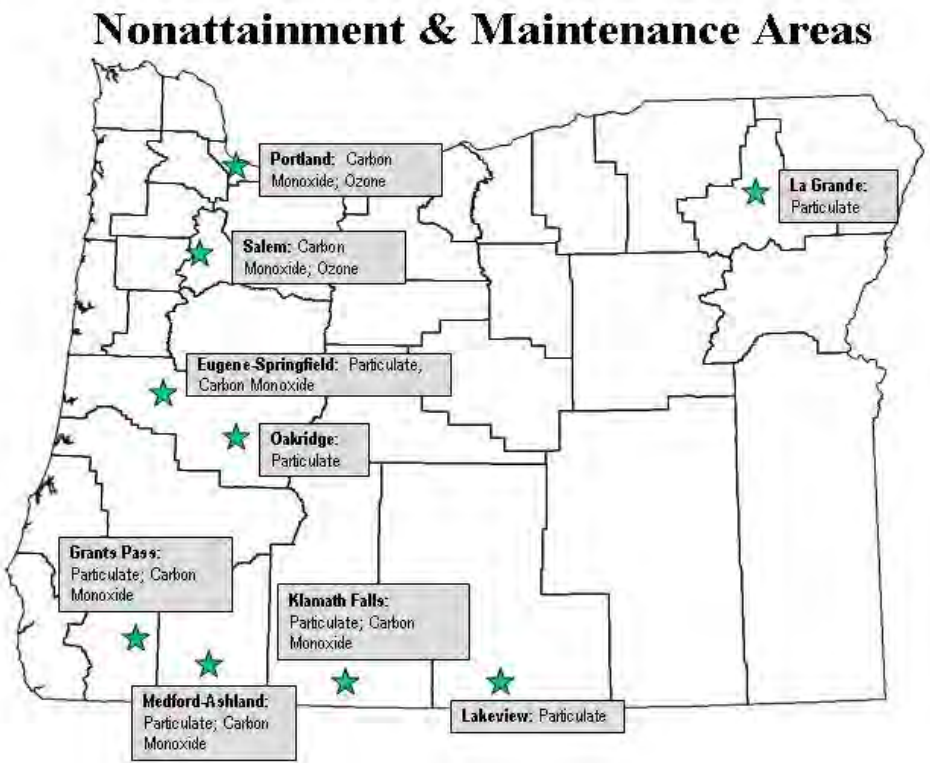
Health effects: Affects the central nervous system with symptoms such as dizziness, headaches, confusion, euphoria, facial numbness and weakness. Causes liver, kidney, immunological, endocrine, and developmental effects, and possibly several types of cancer. The EPA is currently reassessing the cancer classification of trichloroethylene.
Sources: Primarily from degreasing metal parts but also used as an extraction solvent, in the production of other chemicals and as a refrigerant. Released from consumer products such as typewriter correction fluids, paint removers/strippers, adhesives, spot removers and rug-cleaning fluids.

AIR QUALITY PROGRAM NARRATIVE (13-15)

B. QUALITY OF OREGON'S AIR

1. Traditional "criteria" pollutants

Oregon has made tremendous progress in improving air quality. During the 1970s and 1980s, Oregon routinely violated federal clean air standards for particulate (smoke and dust), ozone (smog) and carbon monoxide. Thanks to federal, state and local pollution control programs, most areas in Oregon now consistently meet these standards. However, population growth in many areas of the state could lead to worsening air quality without ongoing pollution prevention activities.



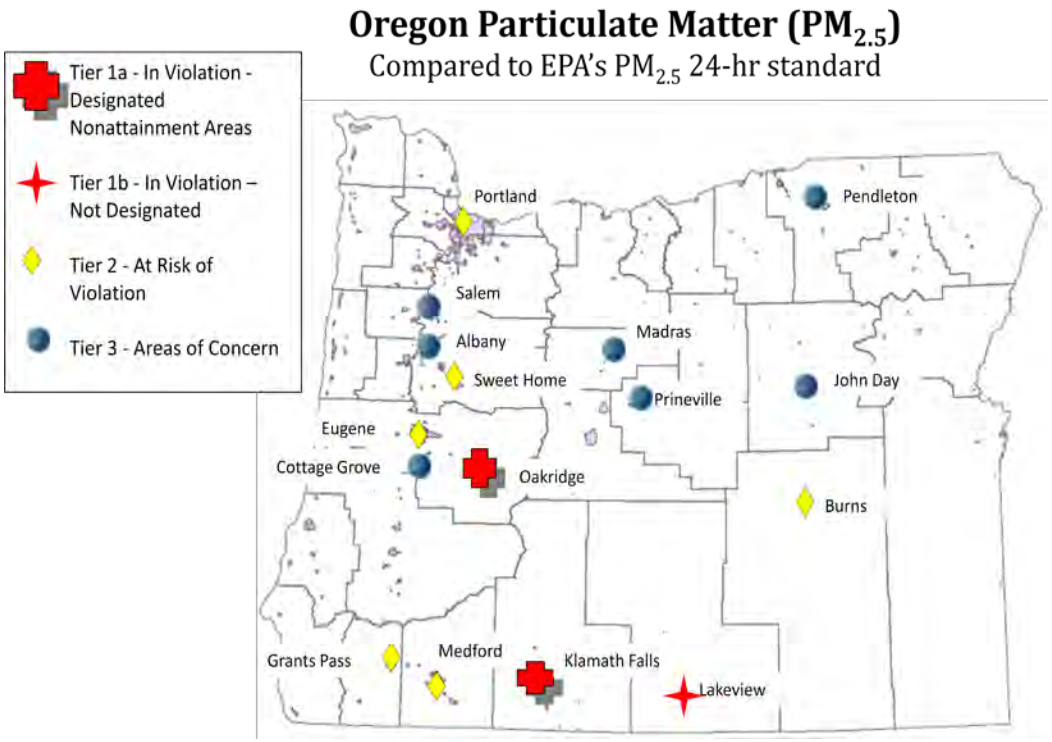
The following areas have, at one time, violated one or more federal air quality standards: Portland, Salem, Eugene-Springfield, Klamath Falls, Medford-Ashland, Grants Pass, La Grande, Oakridge and Lakeview. The air pollutant(s) of concern for each area is identified on the map to the right.

Once an area violates federal standards, it is officially designated as a "nonattainment" area, and DEQ is required to develop a plan to bring the area back into attainment. DEQ has developed attainment plans for each of these areas, all of which have been approved by EPA. The Lane Regional Air Protection Agency is responsible for air quality assessment and protection activities in cities in Lane County like Eugene, Springfield and Oakridge.

When an attainment plan proves successful and air quality standards are met, DEQ may petition EPA to remove that area's nonattainment classification. Removing this classification is important because it returns authority to local communities to decide whether or not to allow industrial growth, allows DEQ to repeal any pollution control measures that are no longer needed, and continues valuable coordination between air quality and transportation planning. To apply for reclassification of an area, DEQ must first develop a "maintenance" plan that shows how the area will stay within health standards for at least 10 years. These plans must include any air quality strategies needed to maintain compliance with standards, as

well as contingency measures to correct any unexpected violation.DEQ has developed and EPA has approved maintenance plans for all of its attainment areas.

In 2006, EPA tightened the standard for fine particulate. Recent health studies showed that fine particulate is more dangerous than previously thought. Fine particles evade the body's natural defenses and travel deep into the lungs. Two Oregon communities initially violated the new standard and have been designated as nonattainment areas by EPA; one more community is in violation and several are at significant risk of violation. There are also more than a half dozen communities in Oregon where elevated particulate levels are a public health concern as explained below.



The map shows four tiers of communities' health in relation to the new particulate standard.

- Tier 1a areas violate EPA's particulate standards based on recent monitoring data. These areas have been designated nonattainment areas by EPA. Tier-1a areas include the cities of Klamath Falls and Oakridge.
- Tier 1b areas are in violation of EPA's particulate standards but have not been formally designated nonattainment by EPA. Tier-1b areas include the town of Lakeview.
- Tier 2 areas are those at significant risk of violating the proposed standards. Tier-2 areas, with significant risk of violation, include Burns and Prineville.
- Tier 3 areas are those where a violation of EPA's proposed standard is not imminent, but where particulate concentrations are above levels that could be a potential public health concern. Areas of concern include Portland, Sweet Home, Eugene, Grants Pass, Medford, and John Day.

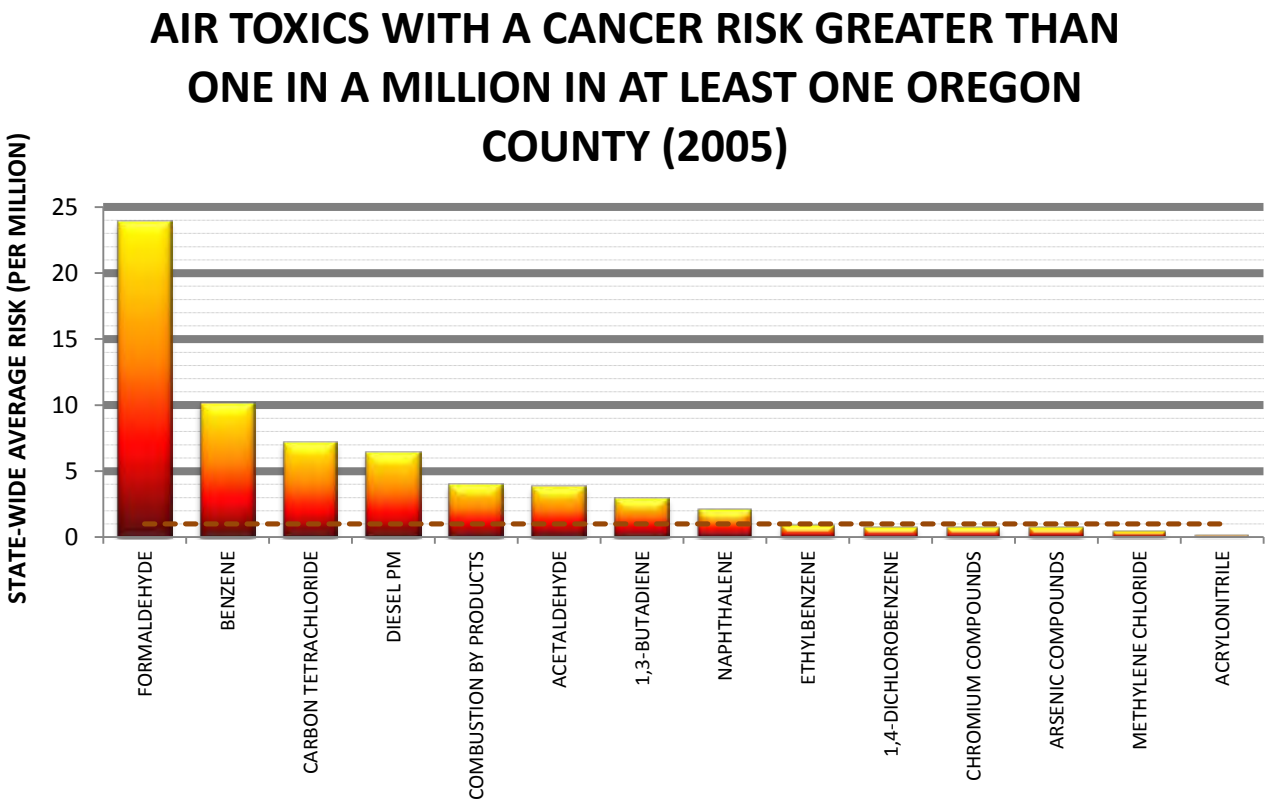
Now that EPA has officially designated Klamath Falls and Oakridge as nonattainment areas, Oregon faces a new round of attainment and maintenance plans.

AIR QUALITY PROGRAM NARRATIVE (13-15)

2. Toxic air pollutants

Much less is known about the levels of toxic air pollution than the traditional criteria pollutants. Monitoring for toxics is very expensive because of the large number of toxic air pollutants and the demanding analytic techniques required for evaluating the samples collected. Currently, DEQ operates one site in Portland, one site in Medford and one in La Grande.

Without an extensive monitoring network, EPA and DEQ use computer modeling to estimate levels of toxic air pollution in Oregon. Every three years EPA, working with the states, prepares a National Air Toxics Assessment that identifies and prioritizes air toxics, emission source types and locations which are of greatest potential concern in terms of contributing to population risk. The most recent NATA results for Oregon are displayed in the chart to the left. One or more of these air toxics contribute to an unacceptable cancer risk[1] in every one of Oregon's counties.



Since 1994, DEQ has implemented federal air toxics pollution controls through major industrial source air permits. In October 2003, the Environmental Quality Commission adopted new air toxics rules that allow DEQ to fill in gaps in the federal program and protect public health. A key element of this program is improving the Department's ability to monitor, inventory and predict toxic air pollution. This has allowed DEQ to identify source types, such as woodstoves, backyard burning and diesel engines that are contributing to unsafe levels of air toxics.

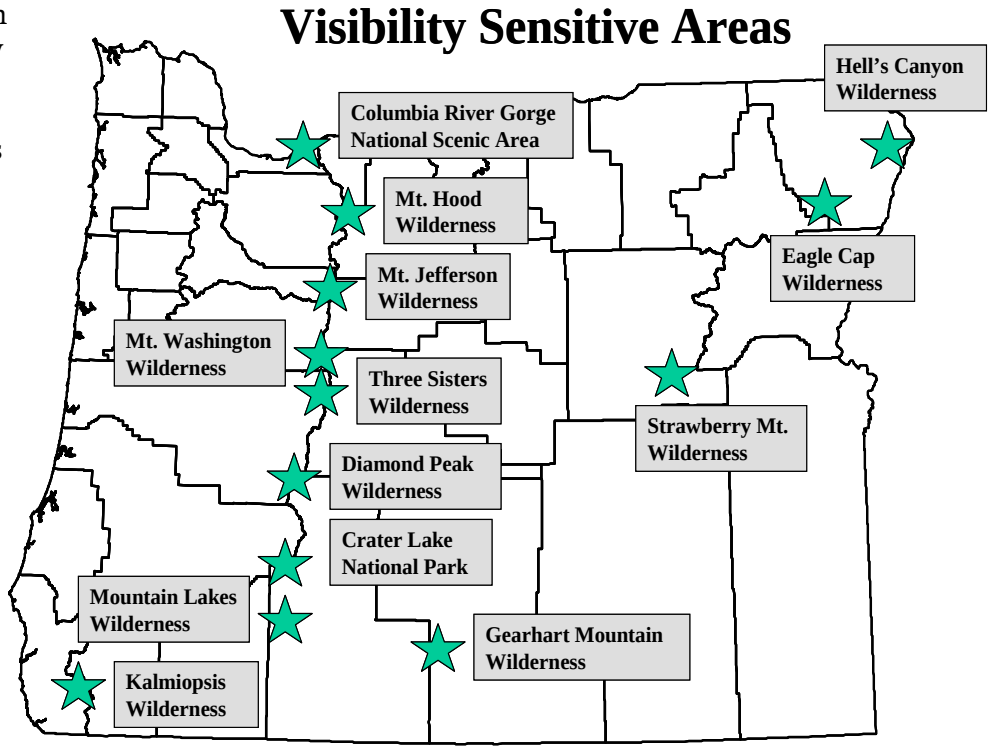
[1] An unacceptable risk means that exposure to the individual toxic air pollutant causes a lifetime risk of more than one excess cancer case in one million people.

AIR QUALITY PROGRAM NARRATIVE (13-15)

3. Visibility

Protecting the ability to see Oregon's treasured vistas – our parks and wilderness areas – is among the public's highest air quality concerns. Based on requirements in the federal Clean Air Act, DEQ developed the Oregon Visibility Protection Plan to protect the scenic views in Crater Lake National Park and eleven national wilderness areas in Oregon. These 12 areas, shown on the map to the right, are part of 156 "Class I areas" across the country designated by Congress as having unique scenic qualities where special visibility protection is needed.

DEQ's Visibility Plan focuses on control of forest slash burning and Willamette Valley agricultural field burning through smoke management programs operated by the Oregon Department of Forestry and Oregon Department of Agriculture, respectively. Another key strategy in the plan is protecting Class I areas from the impacts of added emissions from new and modified major stationary sources, through the agency's New Source Review permitting program. The plan also relies on visibility benefits from other ongoing programs in urban areas to reduce emissions from a variety of sources including industrial sources, residential woodstoves and motor vehicles.



In 1999 EPA adopted the Regional Haze Rule to address visibility problems caused by the transport of air pollution over long distances (often across state boundaries) into Class I areas. This rule followed several years of study and recommendations by the Grand Canyon Visibility Transport Commission in 1996 on the need for a comprehensive approach to reduce haze from both urban and rural sources of air pollution (motor vehicles, industrial facilities, and outdoor burning). The rule requires all states in the country to develop new plans to reduce haze over the next 60 years. DEQ submitted its original Regional Haze Plan to EPA in 2003, submitted the first update in 2009 and revised the plan in 2010 to reflect the closure of the Boardman coal-fired power plant by 2020. The Oregon plans are developed in conjunction with other states and EPA and must be updated every five years.

Although not a Class I area, the Columbia River Gorge is nevertheless one of Oregon and Washington's most scenic areas and is the nation's only National Scenic Area. DEQ helped to lead a bi-state effort to improve visibility in the Columbia River Gorge, in conjunction with the public, four Native American Tribes, federal and state agencies, local governments in Oregon and Washington, stakeholders and the Columbia River Gorge Commission. DEQ will continue to track and evaluate visibility trends in the Columbia River Gorge and address any concerns through the public planning process for Oregon's Regional Haze Plan updates in 2013 and 2018.

C. CLEAN AIR ACT AND STATE AIR QUALITY LAWS

AIR QUALITY PROGRAM NARRATIVE (13-15)

1. Key federal requirements

The federal Clean Air Act provides the basic framework for protecting air quality in Oregon and the rest of the nation. The Clean Air Act includes the following key elements:

- **National Ambient Air Quality Standards**

  Under the Clean Air Act, EPA sets air quality standards and periodically updates the standards to ensure that they are continuously protective of public health. Based on new health information, EPA tightened the daily average fine particulate standard in 2006, the ozone and lead standards in 2008 and nitrogen dioxide and sulfur dioxide standards in 2010. EPA also tightened the annual average standard for fine particulate and set a new measurement known as an urban visibility standard in 2012. We expect a revised ozone standard in 2013 that is even more protective of public health than the 2008 standard. State and local agencies are required to monitor air quality within their jurisdictions and to use their monitoring data as the basis to classify areas as "attainment" (meeting the standards), "nonattainment" (not meeting the standards), or "unclassifiable" (not enough information to classify). DEQ operates a statewide monitoring network to address this requirement.

- **State Implementation Plans**

  State and local agencies are required to develop State Implementation Plans to attain and maintain air quality standards, prevent significant deterioration of air quality in areas that are cleaner than standards, and protect visibility in pristine areas. SIPs must be approved by EPA and, once approved, become enforceable by EPA as well as by state and local agencies and the public. SIPs must contain certain minimum elements required by the Clean Air Act, including the assessment of current and future air quality, coordination with federal and local agencies, basic pollution control requirements, provisions to approve proposed industrial and transportation construction projects and programs to enforce the state's air quality rules. Beyond that, states have flexibility to tailor SIPs to best meet local needs while meeting Clean Air Act deadlines. The Oregon SIP has been approved by EPA, but must be continuously updated to address new requirements and reflect current air quality conditions.

- **Delegated and approved programs**

  Congress requires EPA to establish emission standards and permit programs for existing and new pollution sources. In some cases, programs are implemented by EPA until delegated to states. In other cases, states are required to develop programs that meet EPA criteria for approval. In either case, the goal is to establish uniform national standards that are implemented by state and local agencies. These programs include:
  - New Source Performance Standards for a variety of industrial source categories and equipment
  - Reasonably Available Control Technology and Reasonably Available Control Measures for existing sources in nonattainment areas
  - National Emission Standards for Hazardous Air Pollutants for categories of new and existing sources of air toxics
  - Title V Permits for major industry

  Oregon has delegation or approval for all of these programs.

AIR QUALITY PROGRAM NARRATIVE (13-15)

- **National programs**

  EPA also implements several emission control programs on a national level. These include:
  - Emission standards for new motor vehicles, engines and fuel
  - Acid rain standards for power plants
  - Phase-out of products that damage the ozone layer in the upper atmosphere

  The Clean Air Act prevents states other than California from establishing standards for new motor vehicles and engines, but allows states to opt-in to California's standards in lieu of the national program. In late 2005, the Environmental Quality Commission adopted the Oregon Low Emission Vehicle Program, which requires new passenger vehicles to meet California standards beginning with the 2009 model year.

2. Key state requirements

Oregon's clean air laws are found in Chapter 468A of the Oregon Revised Statutes (ORS). With some limitations, these statutes provide the Environmental Quality Commission and DEQ with authority to adopt:

- Air quality standards to protect public health
- The State Implementation Plan to meet Clean Air Act requirements
- Emission standards for air pollution sources
- Registration, reporting, construction and permitting requirements for air pollution sources
- Motor vehicle inspection and maintenance requirements
- Asbestos control requirements
- Emergency field burning in a limited area
- Greenhouse gas emissions standards for fuels through their lifecycles
- Solid fuel burning device requirements and certification standards

In addition, ORS 468A provides for the formation of regional air pollution authorities to implement air quality programs within their jurisdictions. At present, the Lane Regional Air Protection Agency, serving Lane County, is the only regional authority in Oregon.

AIR QUALITY PROGRAM NARRATIVE (13-15)

3. Agency roles and responsibilities

- **U.S. Environmental Protection Agency**

  The U.S. Environmental Protection Agency is responsible for establishing national standards and overseeing state programs to ensure that they meet these standards. Where states fail to meet standards, EPA can impose sanctions or take over operation of substandard programs. Sanctions can include restricting highway funds or tightening limits on new industry. Because EPA implements programs at a national level, it is generally not able to tailor requirements to meet local needs. EPA also places an emphasis on enforcement and high penalties to create deterrence to noncompliance. This results in a strong incentive for states to maintain primacy over air programs.

  In addition to the oversight role, EPA has a partner role to assist states in meeting their obligations under the Clean Air Act. In addition to providing grants, EPA provides advice and assistance to state and local agencies. Finally, EPA is responsible for developing and implementing a number of national programs, including some programs on tribal lands and multi-state enforcement initiatives.

- **Oregon Department of Environmental Quality**

  The DEQ Air Quality program is responsible for implementing the Clean Air Act and ORS 468A within Oregon other than Lane County, where the Lane Regional Air Protection Agency is the lead. The Air Quality program includes the following elements:

  - ***Air Quality Division***

    The Air Quality program includes the four sections of the Air Quality Division. The Air Quality Planning section works with local communities to establish new plans that protect public health and visibility. The Program Operations section ensures that requirements are implemented efficiently and consistently state-wide, particularly for permitted sources. The Technical Services section provides data and analyses needed to assess air quality problems, design solutions and meet EPA reporting requirements. The Vehicle Inspection section operates seven test centers and on-site testing for car dealers to ensure that motor vehicles are properly maintained in the Portland and Medford areas.

  - ***Regions***

    The Air Quality program includes field offices within the agency's three regions. Regional Air Quality offices are located in Portland, Salem, Medford, Coos Bay, Bend and Pendleton. These offices are primarily responsible for implementing air quality programs, including permitting, complaint response, compliance, enforcement, open burning investigations and permitting, asbestos abatement, transportation control measures such as the Employee Commute Options program, fuel tanker certification, technical assistance and air pollution prevention work.

AIR QUALITY PROGRAM NARRATIVE (13-15)

- ***Laboratory***

  The Air Quality program includes air quality sampling, monitoring, quality assurance, technical assistance, and analytical and research support services at the DEQ Laboratory. Air quality data developed by laboratory scientists and technicians is used to determine whether an area meets air quality standards, to identify the sources and extent of a pollution event, and to evaluate whether a facility is in compliance with a permit limit.

- ***Lane Regional Air Protection Agency***

  The Lane Regional Air Protection Agency conducts the air pollution control program in Lane County. Under legislation adopted in 1967, members of the regional agency are Lane County and the cities of Eugene, Springfield, Oakridge and Cottage Grove. LRAPA's programs must be at least as protective of air quality as DEQ's programs. LRAPA and DEQ strive to coordinate and cooperate in delivering services. While LRAPA receives funding from various sources, LRAPA receives General Fund as a special payment in DEQ's budget.

II. ACTIVITIES AND PROGRAMS

A. AIR POLLUTION SOURCE PROGRAMS

Air pollution sources are grouped into three main categories based on their characteristics:

- "Point sources" are stationary facilities with identifiable emission points such as industrial factories.
- "Area sources" are dispersed activities that individually emit small amounts of air pollution but are collectively significant. Examples include wood stoves, gasoline fueling, open burning, consumer product use and commercial solvent use.
- "Mobile sources" include on-road vehicles such as cars and trucks as well as non-road engines such as construction equipment, locomotives, lawn and garden equipment and recreational vehicles such as marine and off road vehicles.

The following are DEQ's activities and programs to address pollution from point, area and mobile sources.

AIR QUALITY PROGRAM NARRATIVE (13-15)

1. Point source activities

DEQ operates two permitting programs to reduce emissions from point sources. The Title V Permit program is required by the federal Clean Air Act for operating major sources of traditional "criteria" or hazardous air pollutants. There are about 120 facilities in Oregon that receive a Title V permit. The Air Contaminant Discharge Permit program applies to construction of new and modified point sources of all sizes as well as operation of medium sized point sources that are not subject to Title V. ACDPs are used to approve construction of major new sources of air pollution as required by the federal Clean Air Act. ACDPs are also used to meet requirements of the State Implementation Plan and to assure that a source does not inadvertently exceed Title V permitting thresholds. The ACDP program, which began in 1972, has historically applied to about 1,100 facilities in Oregon. That number has increased as new federal standards for hazardous air pollutants have gone into effect. The standards are targeted at reducing toxic air pollution from smaller manufacturing facilities and smaller businesses called "area sources." Area sources have lower emissions of air toxics then major sources, but due to the sheer number of sources, they can and do contribute significant amounts of toxic air pollution to local air sheds.DEQ is using simplified general permits for most of these new sources.

Title V and ACDP permits contain emission limits, control technology requirements, equipment testing and reporting requirements and, if needed, compliance schedules. Permits ensure that pollution reductions necessary to meet air quality objectives are achieved. Title V permits also contain enhanced monitoring procedures to help facilities improve and maintain compliance. Activities include technical assistance, construction plan reviews, permit issuance and renewal, compliance inspections, investigation of complaints, pollution prevention recommendations and enforcement. In addition, the Title V and ACDP programs require ongoing rulemaking, policy and guidance development to incorporate frequently changing federal requirements.

2. Area source activities

DEQ operates several programs to reduce emissions from area sources. For instance, the Open Burning program is designed to reduce public nuisances, encourage alternative disposal methods and resource recovery, and prohibit burning of toxic substances. This program has been operating since 1976 in coordination with local fire districts. Activities include complaint response, technical assistance and enforcement.

The Field Burning program is designed to protect visibility and minimize smoke impacts on the public in the Willamette Valley. The Oregon Department of Agriculture operates this program, which began in 1975. The 2009 Legislature adopted SB 528 which eliminated most field burning in the Willamette Valley by 2010 and phases out stack burning and propane flaming by 2013. However, the legislation provided for 15,000 acres as the maximum amount of steep terrain burning and gave the EQC authority to allow up to 2,000 acres for emergency burning and establish critical non-burn areas. ODA is responsible for issuing field burning permits, authorizing burning when conditions allow, and developing alternatives to open field burning in the summer. DEQ assists ODA by monitoring the air quality impacts of field burning and evaluating emergency burning requests.

The Asbestos program is designed to protect the public from airborne asbestos, a known human carcinogen. In addition to implementing federal requirements for asbestos, the program ensures safe handling of asbestos-containing material during asbestos removal and abatement projects. Activities include asbestos worker certification, laboratory microscopy services, contractor licensing and training provider accreditation. DEQ also

responds to many complaints and requests for technical assistance from building owners, contractors and the general public, and takes enforcement actions when violations are discovered.

The Small Business Assistance program provides pollution prevention recommendations to small businesses and assists these firms in meeting air quality requirements. Activities include outreach through trade associations, on-site visits and training. DEQ also manages a statewide advisory group that provides input to the agency's technical assistance activities.

The Air Pollution Advisories program is part of DEQ's education and outreach efforts to reduce emissions from area and mobile sources. On days when smog or particulate matter threatens to reach unhealthy levels, DEQ issues air pollution advisories and recommends voluntary actions (e.g., carpooling instead of driving alone, not using a gas-powered lawn mower, not using fireplaces and delaying backyard burning) to keep the air healthy to breathe.

The Heat Smart program requires the removal and destruction of uncertified woodstoves or fire place inserts upon sale of a home. Uncertified woodstoves burn about 70 percent dirtier than certified woodstoves. They also burn far less efficiently and require more fuel (wood) than newer, certified stoves. DEQ tracks and ensures that old stoves are destroyed and also monitors woodstove resale channels to make sure uncertified stoves are not sold for use in Oregon. DEQ also seeks and administers federal grants to provide financial assistance to homeowners for woodstove change outs.

3. Mobile source activities

The Vehicle Inspection Program is among the most cost-effective emission reduction activities operated by DEQ. In operation since 1975, nearly 1.2 million vehicles are tested each biennium in the Portland and Medford areas to ensure that their emission control systems are properly maintained. When tuned according to manufacturer's specification, motor vehicles have optimal performance, reduced emissions and maximum fuel mileage. Activities in the Vehicle Inspection Program include conducting emission tests on 1975 and newer vehicles, monitoring and certifying self-testing fleets, providing on-site testing for franchise automobile dealers, certifying vehicle inspectors, training inspectors and repair technicians and one-on-one technical assistance for customers having trouble getting their vehicles through the test.

The Employee Commute Options program reduces drive-alone commute trips in the Portland area by promoting alternatives to workers and employers. The ECO program started in 1996 and applies to employers with 100 or more employees at a work site. DEQ activities include reviewing and approving trip reduction plans, helping businesses with their follow up surveys, and providing information and assistance to businesses and the general public.

The Clean Diesel Initiative addresses one of the most potent air toxics to which Oregonians are exposed, diesel exhaust. Diesel engines, while very useful, powerful and efficient, emit a complex mixture of gases and particles that lead to elevated risk for cardiovascular and respiratory diseases including cancer, asthma and bronchitis. New diesel engines are required to be much cleaner, but the durability of the engines means that it will take years to get the old, polluting engines off the road. Equipment is available now to retrofit existing diesel engines, allowing these vehicles to operate with low emissions. DEQ provides diesel fleet owners with innovative technical and financial assistance for the installation of particulate filters on existing vehicles. DEQ also works to reduce diesel exhaust by promoting alternatives to diesel engine idling at truck stops and rail yards.

AIR QUALITY PROGRAM NARRATIVE (13-15)

PLANNING AND ASSESSMENT PROGRAMS

1. State Implementation Plan

The State Implementation Plan is DEQ's primary program to attain and maintain air quality standards, prevent significant deterioration of air quality in areas that are cleaner than standards and protect visibility in pristine areas. Developing and updating the SIP is a public process carried out in close coordination with local governments, other state agencies, federal agencies, businesses and public interest organizations. Tailoring the SIP to local conditions is critical to ensure that economic and air quality needs are in harmony.

Areas that violate air quality standards are classified as "nonattainment" areas by EPA. For these areas, DEQ develops attainment plans to ensure the return of healthy air. Once an area attains the standards, DEQ develops a maintenance plan to ensure that the air will remain healthy to breathe for at least 10 years. DEQ can then ask EPA to remove the nonattainment classification.

DEQ also leads a state-wide program to protect visibility in wilderness areas, national parks and other pristine areas. This program relies heavily on interagency agreements to manage smoke from forestry and agricultural burning. In addition, the ACDP permitting program ensures that new major emission sources do not significantly degrade visibility. Recently, this work has expanded to include coordination with neighboring states and regional organizations in the West to reduce regional haze.

2. Air toxics program

With growing public concern about toxic air pollution, DEQ has expanded its efforts to understand and reduce air toxics. Since 1994, DEQ has been implementing the federal technology standards to reduce emissions from major sources of air toxics. In this effort, EPA adopts emission standards for categories of air toxics sources and DEQ ensures compliance with these requirements at individual facilities through the Title V and ACDP permit programs

While the federal program is an important cornerstone in protecting public health from toxic air pollution, there are a number of significant gaps. First, it does not apply to all air toxics of concern in Oregon (including diesel exhaust). Second, until recently, it has focused primarily on major industrial sources whereas most emissions of air toxics come from smaller, but numerous, area and mobile sources such as automobiles, residential open burning, commercial boilers and solvent use. Third, it does not address the additive effect of many sources of air toxics in a community.

Between 1999 and 2002, DEQ worked with two broad-based advisory committees to develop an Oregon air toxics program. The committees included representatives from all affected constituents, including large and small business, environmental organizations, neighborhood organizations, health agencies and local government. The committees recommended and developed a program based on good science that will address health risks not addressed by the federal program. The Environmental Quality Commission adopted rules implementing the Oregon air toxics program in October 2003.

AIR QUALITY PROGRAM NARRATIVE (13-15)

In May 2004, DEQ established a science advisory committee to aid in determining air toxics concentration levels of concern, called benchmarks. These benchmark concentrations were adopted as rule in August 2006, and will be used to assess toxic air pollution statewide. DEQ will use these concentrations to identify communities with unhealthy levels of air toxics, to identify source types such as diesel engines and woodstoves that are most responsible for releasing these pollutants and to provide the public with information about health risks. Portland is the first Oregon community chosen for a comprehensive air toxics reduction plan.

3. Air quality monitoring

The Air Quality Monitoring section of DEQ's Laboratory and Environmental Assessment Division measures ambient (outside) air to track progress in meeting and maintaining health-based air quality standards, track progress in reducing air toxics and determine if a facility is in compliance with permit limits. The Laboratory operates a statewide network of about 45 monitoring stations. Among the air pollutants measured are suspended particulate, ozone, oxides of nitrogen, sulfur dioxide, hydrocarbons and toxic air pollutants. Additional monitoring stations measure visibility and meteorological conditions such as temperature and wind speed.

Periodically, the Laboratory also performs special air pollution surveys in areas without permanent monitors to check air quality and in areas with permanent monitors to validate the location of existing monitoring sites. Other analytical or technical services include: development of quality assurance and project plans, data management, studies of chemicals that react to form ozone, microscopic analysis of asbestos and other substances, studies of toxic air pollutants, speciation and chemical mass balance analysis of particulate filters to identify individual chemicals contained in the particulate, forecast and monitoring of field burning impacts, meteorological monitoring, review and quality assurance of industrial self-monitoring plans, and sampling and monitoring in support of complaint investigations.

CLIMATE CHANGE PROGRAMS

1. Oregon Low Emission Vehicle Program

The Oregon Low Emission Vehicle program was adopted in December 2005 to reduce greenhouse gas emissions that contribute to global warming. LEV rules were based on California's vehicle emission requirements and were developed in consultation with a broad-based stakeholder work group. When the rules are in full effect, they will reduce greenhouse gas emissions from new vehicles by 30 percent while also reducing smog-forming and air toxic pollutants. Following rule adoption, the 2007 Legislature passed a bill that simplified enforcement by having the Department of Motor Vehicles deny registration to noncompliant vehicles. DEQ implements the rest of the program by conducting outreach and providing technical assistance to regulated parties and regularly updating the program to match California as required by the Clean Air Act.

2. Clean Fuels Program

In 2007 the Oregon Legislature established greenhouse gas reduction goals for the state by passing House Bill 3543. To help meet the goals, the 2009 Legislature directed DEQ to lead several greenhouse gas emission reduction efforts. The transportation sector accounts for approximately 1/3 of the greenhouse gases emitted in Oregon. To address the transportation sector, the 2009 Legislature passed HB 2186, authorizing the Environmental

Quality Commission to adopt clean fuel standards that require a 10 percent reduction of lifecycle carbon intensity over a 10 year period. Oregon's Clean Fuels Program would use a market-based approach where regulated parties must decide how to balance which fuel types (gasoline, diesel, ethanol, biodiesel, natural gas, electricity, hydrogen, or other alternative fuels) they purchase in order to meet the annual standards.

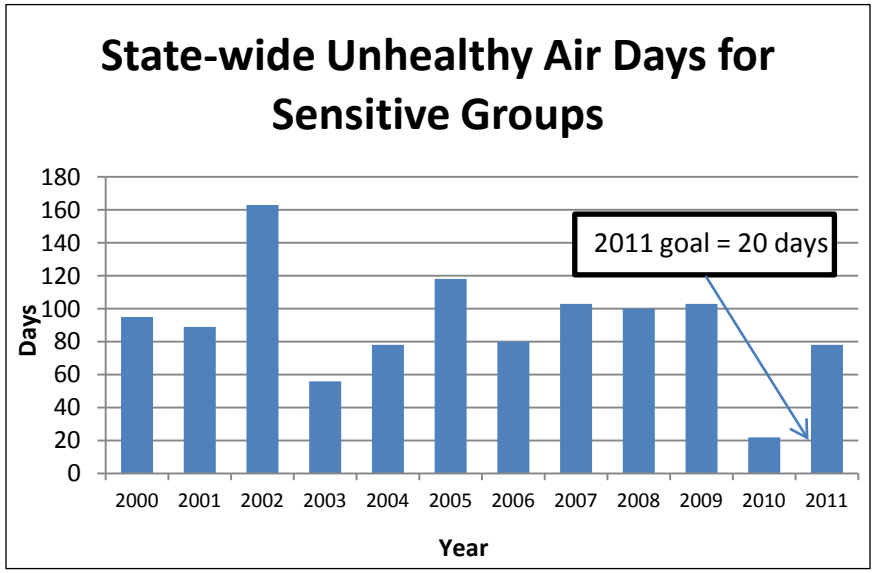
Following the 2009 session, DEQ recruited a diverse group of stakeholders with the expertise to help DEQ develop effective clean fuels standards that meet Oregon's needs. In April 2012, Governor Kitzhaber asked DEQ to move forward with the Oregon Clean Fuels Program and begin the rulemaking process. DEQ is proposing rules to implement the program but to defer requirements to actually reduce the greenhouse gas emissions of transportation fuel until later when more information is available and the 2015 program sunset can be removed.

3. Other Climate Change Efforts

EPA has taken significant actions to regulate greenhouse gas emissions under the Clean Air Act that trigger new air permitting requirements under the Title V and construction approval (ACDP) programs. In response, DEQ revised its permitting rules to incorporate new federal greenhouse gas permitting requirements. The revised rules incorporate greenhouse gases into Oregon's New Source Review/Prevention of Significant Deterioration and Title V permitting programs. DEQ also measures progress in reducing greenhouse gas emissions by requiring some industrial permitted sources to report annual greenhouse gas emissions. In response to SB 1059 (2010), DEQ, along with other state agencies and local governments, developed state goals for greenhouse gas reduction from motor vehicles for each of Oregon's metropolitan planning organizations.

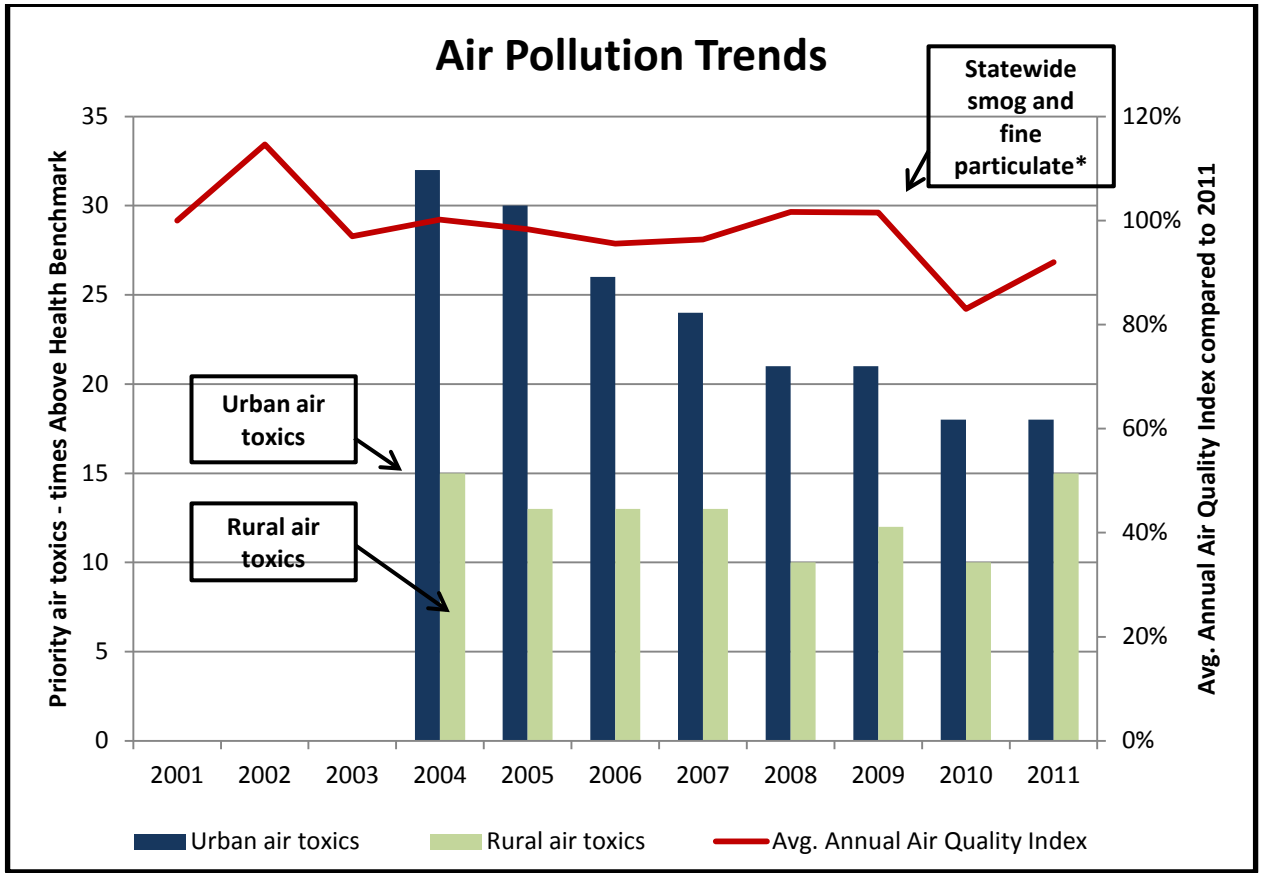
III. AIR QUALITY ACCOMPLISHMENTS AND EXPECTED RESULTS

A. 2011-2013 ACCOMPLISHMENTS AND 2013-2015 EXPECTED RESULTS



During the 2011-2013 biennium, DEQ's Air Quality programs helped to continue excellent air quality for Oregonians while accommodating population growth, ever changing weather patterns and forest fires. The chart below shows the progress made in reducing traditional pollution such as fine particulate and ozone or smog and toxic air pollution such as benzene and formaldehyde from 2004 through 2010. During the 2013-2015 biennium, the Air program will take steps to toward achieving the 10 year outcomes for the Healthy Environment policy vision #1, invest in programs that improve water quality and air quality. The Air program will focus on preventing violations of traditional "criteria" pollutants by developing clean air plans for all areas that violate federal air quality standards and reducing the number of unhealthy air days in all areas of the state. The program will also work to implement strategies to reduce health risks from air toxics and reduce greenhouse gas emissions.

AIR QUALITY PROGRAM NARRATIVE (13-15)



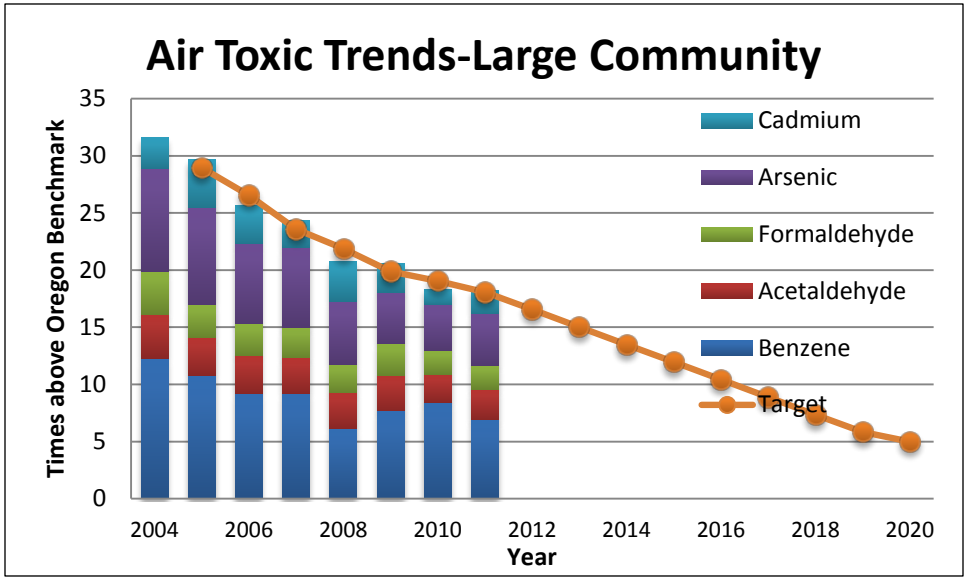
1. <u>Quality of Oregon's air – accomplishments and expected results</u>

   <u>Traditional "criteria" pollutants</u>

- **2011-2013 accomplishments:** Oregon has three communities, Klamath Falls, Oakridge and Lakeview, which officially violate the federal clean air standards for fine particulate. A violation occurs when DEQ measures multiple days over the federal standard, indicating a pattern of reoccurring air pollution. However, there are many individual days in many cities in Oregon where the air is unhealthy to breathe as shown in the graphic to the right.

AIR QUALITY PROGRAM NARRATIVE (13-15)

Most of the unhealthy air days are caused by elevated fine particulate levels resulting from wood stoves and other combustion sources. In 2011, 13 communities experienced unhealthy air days but the three communities that violate the federal standard experienced the most days. Lakeview had 18 days that were unhealthy for their most sensitive citizens while Oakridge had 15 days and Klamath Falls had 11 days.



Reducing smoke from residential wood heating, the most significant source of fine particulate in most parts of Oregon is central to DEQ's strategy to restore healthy air quality. Older, "uncertified" woodstoves are a major source of pollution in the communities with the highest fine particulate levels. These stoves emit up to 70 percent more pollution than newer "certified" woodstoves. Working through the Oregon Department of Energy, DEQ was awarded $2 million in federal American Recovery and Reconciliation Act funding to assist homeowners with replacing old uncertified woodstoves with new and cleaner heating sources. DEQ targeted the funding to the communities with the most significant fine particulate pollution problems and gave priority to low income participants. In total, 695 uncertified stoves were replaced.

- **2013-2015 expected results:** DEQ will continue working to reduce fine particulate pollution and meet federal health based standards through development and implementation of attainment plans and development of maintenance plans in the violating communities. DEQ will also continue implementing the Heat Smart program, which accelerates the turnover of older uncertified woodstoves by requiring their removal upon sale of home. Whenever possible, DEQ will also seek additional grant opportunities to provide financial assistance to homeowners for the removal of old woodstoves.

  DEQ will also continue implementing strategies to reduce ozone such as vehicle inspection, emission reductions from industrial operations and air quality advisories to reduce emission on high smog days. EPA recently announced that it may tighten the ozone standard in 2013 or 2014, which could mean new non-attainment areas for Oregon.

  Air toxics

- **2011-2013 accomplishments:** The charts to the right provide a good indication of trends in air toxics in a large community and a smaller community. The bars represent the monitored levels of five representative toxics, benzene, acetaldehyde, formaldehyde, arsenic and cadmium, above benchmark concentrations. The benchmarks serve as clean air goals and are based on very protective concentrations at which sensitive members of the population would experience a negligible increase in risk of cancers or other health effects. One time above benchmarks represents

a level that would cause only a slight amount of risk above the benchmark level of one in a million, whereas pollutant levels many times above the benchmarks reflect an increasing level of risk to the public.

Air toxics levels in both large and small communities have improved over the years but it should be noted that readings are significantly above the health benchmark, 18 times above in the large community and 10 times above in the small community. Decreases between 2006 and 2011 are largely attributable to cleaner vehicle engines with improved fuel economy. There was also less vehicle use during the economic recession, most observable in 2008.

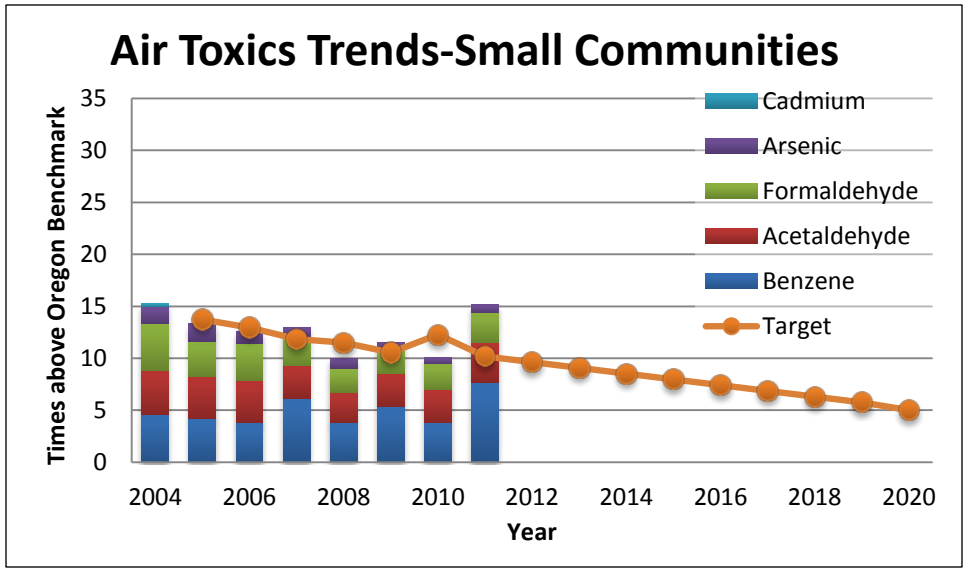
- **2013-2015 expected results:** DEQ expects benzene levels to continue falling in 2012 and beyond because of the federally mandated reduction of benzene in gasoline that took effect in 2011 and 2012. However, reductions may be offset by local increases in vehicle usage as the economy recovers and population increases. While risks will remain above health benchmarks for most Oregonians, some improvement in air toxics exposure will occur during 2013-2015 and beyond as DEQ implements new emission reduction strategies as a result of the Portland Air Toxics Solutions project. Possible strategies to reduce air toxics risk in Portland could be implemented in other communities statewide, including reductions for woodstoves, cars and trucks, and construction equipment.

2. Air Quality program activities – accomplishments and expected results

a. Point source activities

Air Contaminant Discharge Permit (ACDP) program

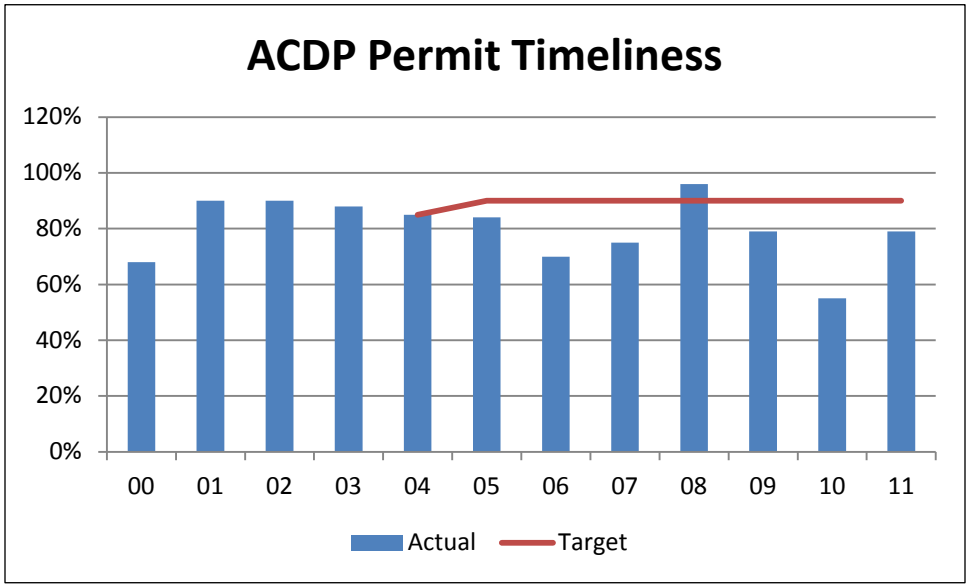
- **2011-2013 accomplishments:** ACDP permitting activities this biennium have included adoption of new federal preconstruction approval criteria for greenhouse gases and fine particulate, and ongoing implementation of federal National Emission Standards for Hazardous Air Pollutants for new area sources of pollution. As an alternative to permitting for the area sources, DEQ developed a registration process for small businesses that meet certain environmental criteria. In addition, DEQ engaged the public in response to community concerns over proposed new facilities that could impact air quality.



The chart to the right provides a summary of ACDP permit timeliness over the past decade. ACDP permit timeliness is also a DEQ Key Performance Measure. Businesses need quick turnaround times on permits to construct, expand or modify their operations. A

high percentage of timely permits issued is a key economic development benchmark that was long tracked by the Oregon Progress Board and one indicator of an efficient permitting program. Since 2000, timeliness has varied from 55 percent to 90 percent, excluding a jump in 2008 that was the result of an extraordinary event. Timeliness for 2010 was 55 percent when workload more than doubled as a result of NESHAP permitting and registrations. Timeliness improved to 79 percent for this past year; however it is still short of the 90 percent timely target.

In 2010, DEQ began implementing outcome-based management. As part of this initiative, DEQ formed a permitting process improvement team to identify causes of permitting backlogs and develop solutions likely to have the greatest impact on improving permit timeliness. The team made recommendations that include air quality specific improvements and agency-wide improvements. DEQ believes the recommended solutions will result in greater efficiencies in air quality permitting processes and improved customer service to permit applicants. DEQ will begin implementation of the solutions in the third quarter of 2012.



- **2013-2015 expected results:** EPA will add more National Emission Standards for Hazardous Air Pollutants and DEQ must continue to develop new general permits and add procedural improvements to streamline permit processing. DEQ expects that new NESHAPs could add several hundred more sources into the permitting and registration programs during the 2013-2015 biennium. In addition, DEQ expects that two to three sources may require construction approval due to their greenhouse gas emissions and this number may increase in future biennia if EPA lowers permitting thresholds for greenhouse gases.

  To manage the increased workload, DEQ actively prioritizes work to ensure critical permitting gets done. Nevertheless, there is a budget shortfall in the ACDP program for the 2013-2015 biennium and the resulting staff reductions could make timeliness an even bigger challenge. The last fee increase in 2007 has sustained the program for several years beyond what was anticipated, but another increase is essential for the upcoming biennium. The ACDP program is supported by fees along with small amounts of General Fund and federal funds. While DEQ's permitting streamlining work will help create efficiencies in the program, it will be important to retain current General Fund support and increase fees to restore some of the unaffordable staff. For the coming biennium, DEQ is requesting a policy package to restore a portion of ACDP resources based on a fee increase.

- <u>Title V Permit program</u>

- **2011-2013 accomplishments:** During the biennium, DEQ updated the air quality rules and state implementation plan to incorporate federal New Source Review/Prevention of Significant Deterioration for fine particulate. In addition, DEQ added greenhouse gases as a newly regulated

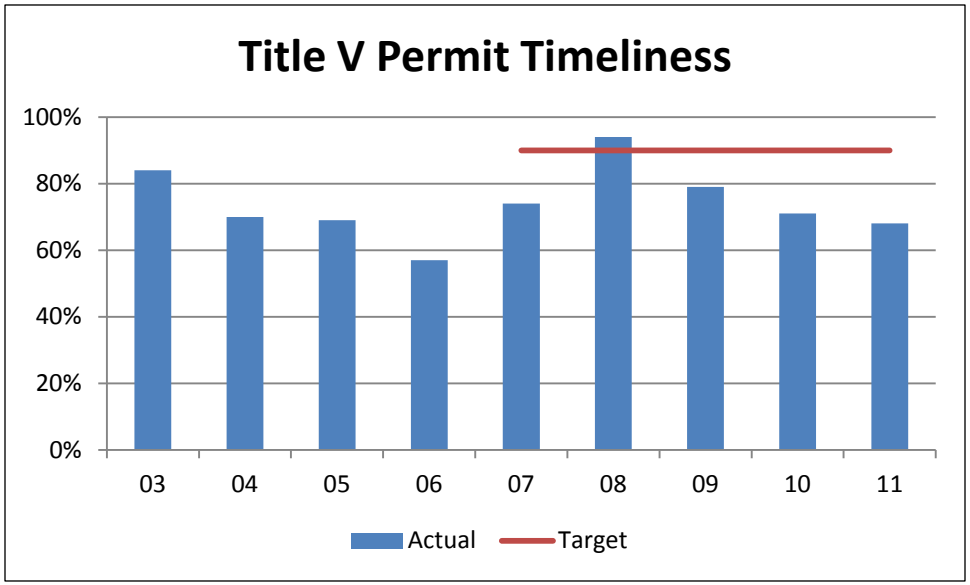
pollutant under the Prevention of Significant Deterioration program.

The public has become more concerned about emissions from large industrial sources in their neighborhoods and the impact on their health. DEQ has responded by increasing the amount of time spent engaging the public and addressing their concerns regarding specific permits. For example, DEQ worked with a Portland facility and a neighborhood association to develop a Good Neighbor Agreement to reduce pollution and potential impacts on the community from the facility.

The chart to the right provides a summary of Title V permit timeliness over the past decade. The jump in timeliness in 2008 is the result of an extraordinary event. Timeliness for 2011 was 68 percent, well below the 90 percent target. During the year, Title V staff spent a considerable amount of time on permitting and inspection process improvement teams. DEQ expects to see efficiencies in Title V air quality permitting when the team recommendations begin implementation in the 3rd quarter of 2012.

2013-2015 expected results: EPA actions to regulate greenhouse gas emissions under the Clean Air Act have triggered new air permitting requirements under the Title V program. All 120 Title V sources will require modification of their permits to add greenhouse gases and approximately five new sources will be required to get a Title V permit for their greenhouse gas emissions. In addition to new greenhouse gas permitting work, DEQ will begin incorporating Maximum Achievable Control Technology requirements into Title V permits after EPA establishes new standards for boilers and process heaters. Many of the affected sources are pulp mills and wood product manufacturers that use boilers to generate steam.

During the 2013-2015 biennium, DEQ will propose rules to implement permitting process improvement team recommendations. These efficiencies along with completion of certain high priority projects such as chemical agent destruction at the Umatilla Chemical Depot and the PGE Boardman permit will free up staff time for work on other Title V permits and should have a positive impact on Title V permit timeliness.



b. Area and mobile source activities

Asbestos program

- **2011-2013 accomplishments:** The asbestos program continues outreach to building owners and contractors to prevent exposure to asbestos fibers, a known cause of cancer and respiratory illness. Outreach efforts include: contacting fire marshals throughout the state to inform them of potential asbestos exposure related to Burn-

to-Learn events and responsibilities related to proper asbestos abatement and updating the DEQ asbestos program web pages with more current information for contractors and the public.

- **2013-2015 expected results:** DEQ will continue to protect public health from exposure to asbestos fibers by educating the public to prevent exposure, contractor certification, complaint response, ongoing inspection program and enforcement of violations. DEQ will strive to exceed the federal inspection target rate of 15 percent.

Vehicle Inspection Program

- **2011-2013 accomplishments:** DEQ's Vehicle Inspection Program will test approximately 1,200,000 vehicles during this biennium. While protecting air quality is our number one objective, how we accomplish our work with each and every customer is important too. We depend on written feedback from the motorists to let us know how well we are doing. The most common remarks relate to three key issues that are present in many customer service environments. The quality of the customer/merchant interaction, the time the experience takes and one-stop-shopping opportunities.

  During the first year of this biennium, 2,100 motorists took the time to mail in comment cards and 96 percent of the comments were positive. Motorists generally find the inspectors to be attentive and personable. Motorists spend fewer than 20 minutes on average waiting in line to complete their transaction and many view our web-cams prior to their visit to avoid coming during periods of heavy traffic. Customers routinely comment about how Oregon makes it so easy to handle both DEQ emissions testing and Department of Motor Vehicle's registration renewal during a single drive-through visit. Sixty-five percent of all vehicles in the Portland-Metro and Medford-Ashland receive DMV vehicle registration renewal stickers from DEQ staff after passing the air quality emissions test.

  DEQ implements other programs outside of the stations including dealer and fleet testing programs. This helps auto dealerships and organizations with a large fleet of vehicles to receive tests at their location instead of driving each vehicle back and forth from a clean air station. During the first year of this biennium, 16,400 vehicles were tested at dealership locations. That's a significant increase from 9,900 from the first year of last biennium. The number of fleet vehicles currently signed up for testing at their location is 6,750. VIP also works with over 140 auto repair shops that maintain technicians on staff with up-to-date auto mechanic certifications. VIP refers customers to these shops when vehicle repairs are necessary to pass VIP's emissions test.

  DEQ continued work on piloting self-service testing in one lane of the Sunset clean air station. Much like a self-service gas station, customers drive their vehicle into the test lane and test their own car at a user-friendly kiosk. If they need assistance, one VIP inspector is available to assist customers in two self-service lanes and to ensure that we obtain the necessary paperwork for DMV. On average, approximately 85 motorists per day have been testing their own car; however, one day as many as 148 motorists used the self-service option. Feedback on self-service has been very positive.

  DEQ is also piloting remote testing with a local municipality fleet with 100 vehicles. Remote OBD testing method allows customers to avoid a trip to DEQ by transmitting OBD test data from their vehicle to DEQ via the internet or wireless broadcast.

AIR QUALITY PROGRAM NARRATIVE (13-15)

- **2013-2015 expected results:** DEQ plans to expand the self-service pilot to the Clackamas clean air station and as we gather more information will consider expanding to other clean air stations. The remote OBD pilot will also continue and DEQ will focus on working out the challenges of E-commerce associated with this testing method. DEQ's vehicle inspection innovation goals are to provide multiple testing options to a growing public to better serve their needs and keep our fees low. DEQ lowered the fee in Portland from $21 to $19 for a two-year period because the fund balance was higher than needed. Along with the fee reduction, the Legislature swept $4 million of VIP fund balance during the 2012 session. DEQ will likely return the fee to $21 on January 1, 2014 to fund the program for the biennium.

  Clean Diesel Initiative

- **2011-2013 accomplishments:** DEQ continued to pursue partnership opportunities to promote clean diesel efforts, even as resources like state tax credits sunset in December 2011. DEQ receives a modest annual allocation of federal funds through the Diesel Emission Reduction Act and also competes for additional funding through regional offerings.

  DEQ completed a number of projects funded under the state allocation formula, retrofitting vehicles owned by the city of Portland and Multnomah County as well as a partnership with Metro to upgrade exhaust controls on garbage trucks operating in the Portland area. In addition, DEQ also targeted some of these funds towards the replacement of engines on a towboat.

  DEQ was also able to secure a regional competitive grant to repower the generator engines used to power the suction dredging device on the dredge *Oregon.* This vessel is used by the Port of Portland to maintain the primary shipping channel along the Columbia River, allowing deep draft ocean going ships to reach the inland ports of Portland and Vancouver.

  The agency also completed work on projects funded through the American Recovery and Reinvestment Act to retrofit heavy-duty diesel engines with exhaust emission control technologies. Projects focused on municipal and school district fleets in Milwaukie, Lake Oswego, Washington and Lane counties, Beaverton, Klamath County, Klamath Falls and Salem-Keizer school districts to bring advanced exhaust controls to their fleets.

- **2013-2015 expected results:** DEQ will continue to seek grant opportunities either to be directly managed by the agency or by other Oregon entities. The agency continues to offer assistance to public and private Oregon fleets looking to secure additional sources of funding in competitive solicitations by using our expertise to improve grant proposals developed by any Oregon entity. Since state grant funds will not be available, DEQ will continue to seek project partners who can provide the match funding for federal grants in order to secure the match bonus and maximize grant dollars for Oregon projects. DEQ will also identify opportunities to secure clean diesel co-benefits from other partner projects.

AIR QUALITY PROGRAM NARRATIVE (13-15)

c. Planning and assessment activities

Meeting National Ambient Air Quality Standards

- **2011-2013 expected results:** DEQ's focus is development of an attainment plan that will bring the Klamath Falls area into compliance with the National Ambient Air Quality Standards for fine particulate by the end of 2012. The attainment plan, based on recommendations from the Klamath Falls citizen advisory committee, is a comprehensive mixture of emission reduction strategies consisting of local ordinances, DEQ regulations and non-regulatory elements including incentives and education. Since residential wood burning emissions comprise most of the harmful particulate emissions in Klamath Falls, most of the proposed particulate reductions will come from enhancements to the community's woodstove curtailment program, implemented through local ordinances. Other attainment strategies include continuing the program of replacing polluting uncertified woodstoves, a public awareness and education program and DEQ rules requiring reasonably available controls to reduce particulate from industrial sources. DEQ is also coordinating with the Lane Regional Air Protection Agency on the Oakridge fine particulate attainment plan.

  In June 2012, EPA proposed to tighten the annually average standard for fine particulate, retain the current daily standard and set a new measurement known as an urban visibility standard. The fine particulate changes will not add more Oregon communities to non-attainment status. Less is known about the urban visibility standard and DEQ is researching its anticipated effect on Oregon communities.

- **2013-2015 expected results**: Klamath Falls is expected to come back into compliance with fine particulate standards by the end of 2014. DEQ plans to focus on the next step, maintenance planning, in order to expedite the repeal of their federal nonattainment status. DEQ will also work with the community of Lakeview to address an urgent air quality problem there. Lakeview is violating the national ambient air quality health standard for fine particulate, but has not been officially designated nonattainment by EPA. Violating heath standards and the resulting nonattainment area designation can mean adverse economic consequences for a community as well as public health concerns. DEQ's goal is to work with citizens and local government officials in Lakeview to reduce fine particulate levels, restore healthy air quality and avoid a federal nonattainment designation for that community.

  EPA tightened the standard for ozone in 2008. Ozone is formed by photochemical reactions of nitrogen oxides and volatile organic compounds. Thanks to successful implementation of strategies such as vehicle inspection and industrial permitting, all Oregon counties are in compliance with the standard. However, EPA is evaluating the latest scientific research which shows that exposure to lower levels of ozone pollution is more harmful than previously thought. Based on this review, EPA recently announced that it may tighten the health-based federal standard for ground-level ozone in 2013. Some Oregon communities are within the range that research identifies as unhealthy and a new standard could mean new nonattainment areas and a new focus for DEQ work.

Reducing risk from air toxics

- **2011-2013 expected results:** In 2012, DEQ completed a multi-year project with the Portland Air Toxics Solutions advisory committee to develop an air toxics reduction plan for the Portland area. The PATS recommendations focus on reducing emissions from high priority sources of toxic air

pollution, and thereby reduce the public's risk of excess cancer and other serious health effects. The Portland Air Toxics Solutions project and report provides the scientific and policy roadmap to guide this work over the next several years.

DEQ also implements the federal air toxics program for point sources. See the ACDP accomplishments and expected results section for more information on adoption and implementation of area source NESHAPs. DEQ also monitors for air toxics and information about monitors can be found in the Air Quality monitoring accomplishments section later in the document.

- **2013-2015 expected results:** Implementing the recommendations of the Portland Air Toxics Solutions project is a long term effort that will be accomplished as resources allow. DEQ expects to use a multi-pollutant approach to achieve air toxics co-benefits from efforts to reduce emissions of fine particulate, ozone precursors and greenhouse gasses. DEQ is also coordinating with local government partners to bring current air toxics considerations into the transportation and land use planning process.

  DEQ will continue implementation of the federal air toxics program in Oregon, by including federal requirements in air permits and ensuring compliance through inspections. As noted in the ACDP section, DEQ will propose adoption of additional area source NESHAP standards to maintain full delegation of the federal air toxics program.

Improving visibility

- **2011-2013 expected results:** DEQ will implement the 2009 Oregon Regional Haze Plan, including implementing the 2010 revisions for Portland General Electric's Boardman plant, tracking Oregon's progress in meeting visibility improvement goals and coordinating with other state and federal agencies. DEQ will also begin work on the next regional haze plan update, required in 2013. DEQ will also evaluate the new urban visibility standard adopted by EPA under their 2012 proposal for updating national ambient air quality standards for fine particulate.

- **2013-2015 expected results:** In 2013, DEQ will prepare a regional haze progress report for Oregon as required by the Clean Air Act. In 2014-2015, DEQ would begin initial work on the comprehensive regional haze plan update due to EPA in 2018. This is a multi-year effort involving regional coordination with multiple state and federal agencies, a variety of stakeholder groups and tribal nations. DEQ will also implement any new urban visibility standard adopted by EPA under their 2012 proposal for updating national ambient air quality standards for fine particulate.

Air quality monitoring

- **2011-2013 accomplishments:** DEQ completed a five year air quality monitoring network assessment for EPA in 2010 and the recommendations from that assessment are being implemented during this period. DEQ made several changes to the ambient monitoring network, closing carbon monoxide and larger particulate (PM10) sites no longer needed and adding fine particulate (PM2.5) monitors or additional equipment in Sweet Home, Prineville and Lakeview. To better understand the air quality in areas violating the fine particulate standard, DEQ operates special fine particulate "speciation" samplers. These samplers provide information about the chemical composition of the particulate, help in the identification of the sources of the pollution and provide data about the effectiveness of control strategies. Overall, DEQ monitors for fine particulate in about 30

communities in the state; however, there continue to be at least a dozen communities with no monitoring data that are "areas of concern" and believed to be at risk of exceeding the federal standard.

EPA recently established a new air quality standard for lead and requires DEQ to monitor for lead in two locations, McMinnville and southeast Portland. The McMinnville site is near the Cascade Steel Rolling Mill, the largest lead source in the state. Concentrations of lead measured there are less than 50 percent of the standard and DEQ plans to petition EPA to remove the monitoring requirement at the end of 2012 when three years of operation are complete. The southeast Portland site is a population orientated site and was added to the network in 2011.

The federal standards for carbon monoxide, CO, and nitrogen dioxide, NO_2, were recently tightened and EPA added some new monitoring requirements. To measure NO_2, states are required to operate a near roadway monitor. The monitor must be within 50 meters of a major freeway and is expected to provide data about maximum concentrations of NO_2. There is growing concern about the health effects of major freeways on people working and living near these roadways. A CO monitor is also required at the near roadway site. EPA has provided funds to find a location, build a shelter and purchase equipment for the near roadway site. This station is expected to be in operation in early 2013. Resources from closure of the McMinnville lead site will help pay for the new federally-required monitoring.

DEQ continues to operate a multi-pollutant site in southeast Portland known as our NCORE site. It is part of EPA's NCORE network, a multi pollutant network that integrates several advanced measurement systems for particles, pollutant gases and meteorology. This biennium, DEQ completed upgrades to the data management system, the instrument probe lines, the roof top sampling platform and added collection of five minute average sulfur dioxide data as a result of the tightening of the SO_2 standard.

The air toxics monitoring network currently consists of sites in three cities; Portland, La Grande and Medford. The Portland and La Grande sites are both part of the National Air Toxics Trends Stations and funded by a federal grant, while the Medford site is state funded. After several years of operation at a neighborhood location in south Medford, the Medford site was relocated to an industrial area in north Medford in 2011. Lane Regional Air Protection Agency recently completed a one-year air toxics monitoring project with sites in North Eugene and at Amazon Park to assess the impact of a new wood fueled co-generation facility on air quality. Data from all of these sites allow DEQ to assess the health risk from air toxics by comparing monitoring data to state health benchmarks and allows DEQ to improve air quality models by comparing to actual monitoring results.

In 2009, EPA funded an investigation of air toxics called the School Air Toxics or SAT project. Two schools in Oregon were part of this nationwide study; Harriet Tubman School in North Portland and the Toledo Elementary School. The results revealed some concerns about the concentrations of cadmium at Tubman School. In 2011, EPA and DEQ followed up with addition metals monitoring at the school, using a very new technology continuous metals monitor made by a company in Portland. Unfortunately, the follow up monitoring was unable to identify the source of the cadmium.

- **2013-2015 expected results:** The demand for monitoring will continue to increase during the coming biennium. With a new ozone standard expected in late 2013 or 2014, there will likely be requirements for at least two additional ozone monitoring sites and possibly a rural site to deal with a new secondary ozone standard. The new fine particulate standard is expected to include a first ever urban visibility requirement. This

visibility site will be in Portland and use data from the NCORE site. Currently, EPA is conducting a pilot study at 15 airports with the goal of developing better lead monitoring methods and guidelines. The study will be completed in 2013 and DEQ expects that lead monitoring will be required at the Hillsboro Airport.

d. Climate Change activities

Oregon Low Emission Vehicle program

- **2011-2013 expected results**: The Clean Air Act requires states that adopt California clean car standards to regularly update their rules to match California's rules. DEQ will propose rules in mid 2012 to incorporate new requirements that have been developed by California Air Resources Board in collaboration with the federal government and major auto makers. The new rules, known as LEV III are expected to further reduce greenhouse gas emissions from light-duty vehicles by cutting fleet-average greenhouse gas emissions of new vehicles in 2025 to half their 2008 levels, and reducing toxic air emissions. The rules also adopt Zero Emission Vehicle 2.0 regulations which require pollution-free vehicles (such as all-electric vehicles and plug-in hybrids) to make up an increasing percentage of new cars and trucks sold in Oregon. This action will keep Oregon's regulations identical to California's rules. In addition to reducing air pollution, the LEV III and ZEV 2.0 rules are expected to save vehicle owners money and have a positive effect on Oregon's economy.

- **2013-2015 expected results**: DEQ will continue to implement the LEV and ZEV programs, working with auto manufacturers and Oregon DMV to monitor compliance, provide assistance to local auto dealers and adopt further revisions to California's clean cars rules as needed to keep Oregon's program up to date.

Clean Fuels program

- **2011-2013 accomplishments:** The low carbon fuel standard, authorized by the Oregon Legislature in 2009 as part of House Bill 2186, is intended to reduce emissions of carbon dioxide from the transportation sector, and is an important component of other state greenhouse gas reduction initiatives such as the 10-year Energy Plan and the Statewide Transportation Strategy for Reducing Greenhouse Gases. In 2012, DEQ will propose rules governing the Oregon Low Carbon Fuels program (now called the Clean Fuels program). The proposed rules are based on the results of a year-long stakeholder advisory committee process that discussed a wide variety of science, economic and policy issues to develop the best program design for Oregon. DEQ has also done extensive stakeholder outreach as it developed its rule proposal. DEQ is proposing a two-phased approach for the program. It begins with a two-year reporting-only period to gather data and refine the program. During the first phase, fuel producers and importers would report the "lifecycle" greenhouse gas emissions from each fuel they supply in Oregon. DEQ is proposing legislative concept 548, Modify Clean Fuel Standard Statute, to remove the 2015 program sunset and establish fee authority and policy package 110, Implement Phase One of OR's Clean Fuels Program, to provide staffing for phase one.

AIR QUALITY PROGRAM NARRATIVE (13-15)

- **2013-2015 expected results:** If EQC adopts the rules in 2012 and the necessary legislative and budget actions are approved during the 2013 session, DEQ plans to implement the phase-one fuels reporting requirements and continue working with stakeholders and the Oregon Legislature to discuss the next steps of the Clean Fuels program.

  Other Greenhouse Gas work

- **2011-2013 accomplishments:** Oregon's greenhouse gas reporting rules are helping us to gain a better understanding of greenhouse gas emission sources in Oregon and track progress toward meeting state greenhouse gas emission reduction goals. Beginning with the 2009 emission year, DEQ has collected annual reports from approximately 185 air quality permitted facilities in Oregon. To facilitate easy reporting DEQ uses an online electronic reporting tool named EZ-Filer, which automatically calculates certain facilities' greenhouse emissions.

  This biennium, DEQ began collecting annual reports from fuel distributors and electricity suppliers, which the Environmental Quality Commission added to the reporting rules in 2010. DEQ worked with industry representatives from these two new sectors to create reporting protocols and help them prepare for and complete the greenhouse gas reports. In addition, DEQ updated Oregon's reporting protocols for air quality permit holders to include municipal wastewater treatment facilities and the new industry sectors which EPA added to the federal greenhouse gas reporting program in 2011. As part of DEQ's efforts to avoid duplication of reporting for facilities subject to both the state and federal programs, DEQ updated Oregon's protocols to allow for certain landfills to send copies of their federal reports to DEQ instead of requiring these facilities to complete separate reports for Oregon.

  DEQ worked with Oregon Department of Transportation and Department of Land Conservation and Development on implementing the first stages of the Statewide Strategy for reducing transportation related greenhouse gas emissions. During this stage the agencies worked to clarify the problem and identify what it takes to reduce greenhouse gas emissions. The Strategy will establish the future vision for reducing these emissions and put forth recommendations on options to get there. It will be presented to the Transportation Commission in October 2012 for adoption.

- **2013-2015 expected results:** DEQ will work with the Oregon Department of Energy to incorporate the data reported to DEQ into the greenhouse gas emissions inventory report prepared for the Governor's Office by the Global Warming Commission. In addition, DEQ plans to make several improvements to the reporting program, making reporting easier and more efficient. The changes to the system will allow facilities to sign their reports electronically. This will eliminate the need for facilities to submit a signed hardcopy of their report in addition to submitting an electronic version. Also, DEQ will participate on a multi-agency advisory committee being formed by the Oregon Department of Transportation that will evaluate options to consolidate duplicative reporting by gasoline and diesel fuel suppliers. Currently, these fuel suppliers report similar information to multiple state agencies.

  DEQ aligns Oregon's reporting program with the federal greenhouse gas reporting program whenever possible. As EPA releases additional protocols for new industry sectors, DEQ will respond by providing outreach and technical assistance to Oregon facilities and incorporate the additional protocols into Oregon's reporting requirements. DEQ will provide outreach and technical assistance to new and existing reporters to ensure complete and accurate reports as well as verify the accuracy of data submitted.

DEQ will continue working with state partners to develop a plan that defines specific implementation actions and clarifies institutional roles and responsibilities for reducing transportation greenhouse gas emissions. DEQ will assist ODOT, where technically appropriate, in this phase which includes a more detailed assessment and analysis of potential economic impacts and opportunities, identification of performance measures, policy changes, programs, timelines, partnership opportunities and identifying the roles and responsibilities of the federal, state, regional, local and private sectors.

IV. PROGRAM POLICY PACKAGES

#110 Implement Phase One of Oregon Clean Fuels Program

This package is a companion to Legislative Concept 548, Modify Clean Fuels Standard. The legislative concept would authorize the Environmental Quality Commission to assess fees on parties regulated by the clean fuels standards in an amount sufficient to implement the program. Governor Kitzhaber directed DEQ to develop rules to implement the program in two phases. The first phase would allow DEQ and fuel suppliers to test the data management, technical tools and procedures that would be needed to fully implement the program. During this phase, DEQ would also conduct a number of studies to help determine if the second phase is warranted. DEQ will not be able to effectively implement the program without new resources to support limited duration staff (1.31 FTE) and outside expertise to assess the future supply of low carbon fuels, update the fiscal analysis for phase two, and to modify an existing data system to accept on-line reporting and store and analyze carbon intensity data.

#111 Maintain an Effective ACDP Permit Program

The purpose of this package is to maintain an Air Contaminant Discharge Permit program that ensures effective compliance with air pollution requirements. The ACDP program is facing a deficit for 2013-2015. Without a fee increase, DEQ will have to reduce staffing from the current 33 FTE to 26 FTE. At this level, DEQ would not be able to maintain adequate service in the program, causing permit backlogs and delays in addressing air quality issues at ACDP facilities. DEQ's inability to process ACDP permits in a timely manner could create an obstacle to future economic development, especially for new facilities and for existing facilities modifying their operations. DEQ recently undertook agency-wide process improvement projects for the permitting and inspection functions. When implemented, the recommendations will simplify and standardize processes; however, DEQ still needs the requested FTE to adequately run the program. This package requests restoration of 3.67 FTE based on an approximately 20 percent fee increase. ACDP fees were last increased in 2007.

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

A. OTHER FUNDS:

1. Air Contaminant Discharge Permit fees:

Air Contaminant Discharge Permit fees fund the majority of the ACDP program costs (greater than 90 percent). The remaining costs are funded by General Funds and federal funds. An ACDP permit is a state operating permit for medium sized industrial sources that are not subject to the federal Title V operating permit program. In addition, ACDPs are used to approve construction of major new sources of air pollution as required by the federal Clean Air Act.

The ACDP fee schedule is established by rule as authorized by ORS 468.065. Annual fees range from $120 to $7,680 and there are approximately 2,700 sources. Unlike Title V fees, ACDP has no provision for indexing fees to the consumer price index to provide regular inflationary increases. Fees were last increased in 2007 and the program is now facing a deficit because of inflation and personal services cost increases over the years. To balance, DEQ is proposing some permanent FTE reductions and some FTE restorations based on a fee increase of approximately 20 percent.

Projected revenues were estimated by forecasting the number of permittees in each classification of permits that will need new, renewed or modified permits. The 2013-2015 revenues include $1,200,000 provided by the proposed fee increase.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$2,336,200	$5,818,000	$1,080,623	$511,973	$6,561,604
7/1/13 - 6/30/15	$1,600,000	$7,700,000	$1,072,155	$1,790,752	$6,437,093

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

2. Title V permit fees:

Title V permit fees are dedicated to, and fully fund, the Title V program as required by the federal Clean Air Act. The fee schedule was established by the 1991 Legislative Assembly at ORS 468A.315. The schedule includes a base fee paid equally by each Title V source, an emission fee based on annual emissions at each source, and fees for modifications and other special activities. As authorized by ORS 468A.315, the fee schedule may be adjusted every year for inflation based on the Consumer Price Index.

Projected revenues are estimated by forecasting the number of permittees, emission levels and projected requests for permit modifications. There are approximately 120 Title V sources that pay an annual base fee of $7,466. The current emission fee is $56.45/ton of emissions with a cap of 7,000 total tons.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$2,617,497	$9,000,000	$1,438,998	$1,956,341	$8,222,158
7/1/13 - 6/30/15	$2,700,000	$8,500,000	$1,458,527	$929,165	$8,812,308

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

3. Vehicle Inspection certification fees:

Motor vehicle owners in the Portland area and within the Medford-Ashland air quality maintenance area pay a fee for a certificate of compliance, which is required as a part of the biennial vehicle registration renewal process. This fee, authorized by ORS 468A.400, provides the funding for the Vehicle Inspection Program. The program also conducts onsite testing at motor vehicle dealer locations to facilitate testing large numbers of vehicles in dealer inventories.

In addition to certification fees, VIP also receives payment from the Department of Motor Vehicles for renewing vehicle registrations and other DMV services provided at VIP stations. For 2013-2015, revenues include $1,015,714 from DMV.

The revenue estimate is based on current testing volumes by location. DEQ proposed and the 2011 Legislature adopted a temporary emissions testing fee reduction of $2 per certificate in the Portland area. The fee reduction runs from January 1, 2012 through December 31, 2013. A $1.5 million reduction is reflected in the 2011-2013 revenues and a $500,000 reduction is included in the 2013-2015 revenues. During the 2012 session, the Legislature approved a sweep of $3,000,000 from the VIP fund balance to assist with the state's financial crisis. That fund sweep is reflected in the 2013-2015 beginning balance below.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$6,295,678	$21,491,938	$2,885,955	$2,949,407	$21,952,254
7/1/13 - 6/30/15	$4,627,970	$23,762,714	$3,103,035	$1,800,766	$23,486,883

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

4. Asbestos certification fees:

DEQ assesses fees for asbestos training course accreditation, contractor licenses, worker certification and project notification. These fees are authorized by ORS 468A.750. The fee revenue is dedicated to fund asbestos certification and training activities, technical assistance, inspection, compliance determination and enforcement.

Projected revenues were estimated by forecasting the number of notifications and other fee activities. Notification fees range from $100 to $3,500 while certification and licensing fees range from $45 to $1,000.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$445,000	$1,600,000	$226,565	$381,988	$1,436,447
7/1/13 - 6/30/15	$703,456	$1,875,746	$240,229	$662,548	$1,676,425

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

5. Tanker truck certification fees:

Owners and operators of gasoline tanker trucks located in areas where ozone is elevated are required to display a DEQ issued sticker showing they have passed an annual leak test. DEQ also requires tankers to connect vapor recovery equipment when delivering gasoline at dispensing facilities. The fee, authorized by ORS 468.065, supports administration of the tanker truck certification program.

Projected revenues were estimated by forecasting the number of tanker truck certification permits required. Tanker certification permits are $25.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$36,000	$100,000	$17,642	$11,891	$106,467
7/1/13 - 6/30/15	$0	$139,366	$20,141	$1,274	$117,951

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

6. Field burning fees:

The Oregon Department of Agriculture assesses field-burning fees based on acres registered and acres burned each year. DEQ receives a transfer of field burning fees from ODA to fund DEQ's air quality monitoring of field burning, rule making updates and emergency burning determinations. The remainder of the field-burning program is operated by ODA as a result of actions taken by the 1995 Legislature.

Projected revenues were estimated based on a program cost agreement with the Oregon Department of Agriculture.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$0	$102,728	$14,538	$5,852	$82,338
7/1/13 - 6/30/15	$5,391	$102,728	$16,035	$1,030	$91,054

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

7. Oregon low emission vehicles fees:

Oregon's low emission vehicle program was adopted in December 2005 to reduce greenhouse gas emissions. The program is based on California's vehicle emission requirements and applies to new vehicles beginning with the 2009 model-year. The Environmental Quality Commission establishes the fee by rule as authorized by ORS 468.065. The total annual fee of $200,000 is apportioned among the automobile manufacturers according to their market share of vehicles delivered to Oregon.

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Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$311,346	$400,000	$40,097	$326,576	$344,673
7/1/13 - 6/30/15	$468,018	$400,000	$45,967	$439,929	$382,122

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LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

8. Miscellaneous Other Funds:

The Air Quality program has four additional Other Fund programs that generate relatively small amounts of revenue.

The agency has a five-year agreement with the U.S. Forest Service and the Bureau of Land Management to provide technical assistance for operating air monitoring equipment to track smoke levels and impacts resulting from prescribed burning in Oregon. The air-monitoring network operates from spring through fall each year.

Hardship burning permit fees, authorized by ORS 468.065, are assessed for backyard burning permits in the Portland metropolitan area. The fee partially funds equipment and operating costs including costs of daily advisories, public information items and temporary clerical and field enforcement assistance as needed.

A permit fee was established under ORS 468.065 in 1990 to administer the Indirect Source Construction Permit program. This program is designed to ensure that large parking facilities do not lead to carbon monoxide standard violations.

From time to time, the air program has agreements with neighboring states or local air pollution authorities to provide air monitoring and analysis services for measuring toxic air pollution. Monitors are situated in areas that provide valuable data for both Oregon and the contracting agency.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$10,200	$238,154	$16,755	$15,640	$215,959
7/1/13 - 6/30/15	$10,210	$245,381	$18,559	$7,671	$229,361

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

9. Clean diesel – Congestion Mitigation Air Quality:

The 2007 Legislature approved HB 2172 establishing a Clean Diesel Engine Fund, and provided grant funding to help Oregon fleet operators reduce harmful diesel emissions by retrofitting, repowering, or scrapping high emitting diesel engines.

The Legislature appropriated federal Congestion Mitigation Air Quality monies from the Oregon Department of Transportation as part of the funding for the clean diesel engine fund. ODOT and DEQ enter into an intergovernmental agreement and the funds come to DEQ as Other Funds.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$0	$526,306	$0	$0	$526,306
7/1/13 - 6/30/15	$0	$538,968	$0	$0	$538,968

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

10. Greenhouse gas reporting fees:

DEQ assesses fees for the administration of the greenhouse gas reporting program. The fee schedule is established by rule as authorized by ORS 468A.050. Fees are paid by industrial sources emitting 2,500 metric tons of combined greenhouse gases measured as CO2 equivalents (mtCO2e) per year. Annual fees are 15 percent of the cost of the source's ACDP or Title permit fee with a maximum of $4,500. Fees for ACDP sources range from $54 to $1,152 while fees for Title V sources range from $800 to $4,500. There are approximately 180 reporters/fee payers.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$162,656	$660,000	$54,352	$186,976	$581,328
7/1/13 - 6/30/15	$525,000	$730,488	$60,025	$568,855	$626,608

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

11. Oregon Clean Fuels Program:

DEQ is proposing legislative concept 548, authorizing the Environmental Quality Commission to assess fees on parties regulated by the clean fuels standards in an amount sufficient to fund implementation of the Clean Fuels Program. The regulated parties include importers and Oregon producers of transportation fuels. DEQ is aware of approximately 69 possible fee payers; however, a proposed fee schedule has not been developed. If the legislative concept passes, DEQ will work with stakeholders to develop the most equitable fee schedule.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$0	$0	$0	$0	$0
7/1/13 - 6/30/15	$0	$475,000	$44,081	$1,478	$429,441

LOTTERY, OTHER, AND FEDERAL FUND REVENUE NARRATIVE: AIR QUALITY

B. FEDERAL FUNDS:

Section 105 of the federal Clean Air Act provides grants for air pollution planning and control programs. This includes a base grant as well as supplemental grants for special projects. Section 105 funding requires a state match that exceeds the previous year's expenditures. In addition, the program receives grants under Section 103 of the federal Clean Air Act that do not require match. The PM2.5 monitoring network is currently funded by a Section 103 grant. The program also receives 103 grants for air toxics monitoring, purchase of monitoring equipment and emission reduction projects.

Specifically related to diesel emissions, House Bill 2172 (2007) authorized DEQ to apply for federal grants without application for legislative review and approval under ORS 291.375 and provided $1.5 million in on-going federal limitation. DEQ receives annual Diesel Emission Reduction Act grants to retrofit engines and upgrade exhaust systems to reduce diesel emissions.

Summary of Projected Revenues

Period	Actual/Planned Beginning Balance	Actual/Estimated Revenue	Indirect Cost	Actual/Planned Ending Balance	Available For Program Use
7/1/11 - 6/30/13	$0	$8,050,859	$802,896	$0	$7,247,963
7/1/13 - 6/30/15	$0	$8,358,116	$820,398	$62,796	$7,474,922

AIR QUALITY ESSENTIAL PACKAGE NARRATIVE

Title: Vacancy factor and non-PICS personal services (#010)

Purpose: This package applies adjustments to personal services costs that are not generated by the Position Inventory Control System:

- Updates the vacancy factor to project budget savings reasonably expected from staff turnover
- Applies the standard general inflation factor of 2.4 percent to non-PICS generated personal services costs, such as temporaries, overtime and shift differential
- Adjusts for changes in the contribution for debt service on the Public Employee Retirement System pension obligation bonds
- Adjusts for mass transit taxes (excluding federal funds)

Budget:			
	$	56,662	General Fund
	$	0	Lottery Fund
	$	(11,070)	Other Fund
	$	(1,239)	Federal Fund

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	56,662	-	-	-	-	-	56,662
Total Revenues	**$56,662**	**-**	**-**	**-**	**-**	**-**	**$56,662**
Transfers Out							
Transfer Out - Indirect Cost	-	-	2,097	234	-	-	2,331
Total Transfers Out	**-**	**-**	**$2,097**	**$234**	**-**	**-**	**$2,331**
Personal Services							
Temporary Appointments	-	-	4,234	1,874	-	-	6,108
Overtime Payments	-	-	1,081	589	-	-	1,670
Shift Differential	-	-	367	-	-	-	367
Public Employees' Retire Cont	-	-	277	112	-	-	389
Pension Obligation Bond	(46,418)	-	92,860	4,937	-	-	51,379
Social Security Taxes	-	-	435	188	-	-	623
Unemployment Assessments	-	-	701	15	-	-	716
Mass Transit Tax	104	-	60	-	-	-	164
Vacancy Savings	102,976	-	(111,085)	(8,954)	-	-	(17,063)
Total Personal Services	**$56,662**	**-**	**($11,070)**	**($1,239)**	**-**	**-**	**$44,353**
Total Expenditures							
Total Expenditures	56,662	-	(11,070)	(1,239)	-	-	44,353
Total Expenditures	**$56,662**	**-**	**($11,070)**	**($1,239)**	**-**	**-**	**$44,353**

_____ Agency Request | **_____ Governor's Budget** | **_____ Legislatively Adopted**

2013-15 Biennium | **Page _____** | **Essential and Policy Package Fiscal Impact Summary - BPR013**

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	13,167	1,473	-	-	14,640
Total Ending Balance	**-**	**-**	**$13,167**	**$1,473**	**-**	**-**	**$14,640**

_____ **Agency Request** | _____ **Governor's Budget** | _____ **Legislatively Adopted**

2013-15 Biennium | **Page** _____ | **Essential and Policy Package Fiscal Impact Summary - BPR013**

AIR QUALITY ESSENTIAL PACKAGE NARRATIVE

Title: Cost of phased-in programs or one-time increases (#021)

Purpose: To identify non-Position Inventory Control Systems related budget adjustments due to activities that phase-in for 2013-2015 or are one-time costs.

How accomplished: This package reflects a non-PICS related one-time budget adjustment for a phase-in of Services &Supplies to replace Certificates of Participation Debt Service from 2007-2009 Legislatively Adopted Budget package 806.

Budget:	$	0	General Fund
	$	0	Lottery Fund
	$	94,414	Other Fund
	$	0	Federal Fund

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 021 - Phase-in | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Other Services and Supplies	-	-	94,414	-	-	-	94,414
Total Services & Supplies	**-**	**-**	**$94,414**	**-**	**-**	**-**	**$94,414**
Total Expenditures							
Total Expenditures	-	-	94,414	-	-	-	94,414
Total Expenditures	**-**	**-**	**$94,414**	**-**	**-**	**-**	**$94,414**
Ending Balance							
Ending Balance	-	-	(94,414)	-	-	-	(94,414)
Total Ending Balance	**-**	**-**	**($94,414)**	**-**	**-**	**-**	**($94,414)**

AIR QUALITY ESSENTIAL PACKAGE NARRATIVE

Title: Cost of phased-out programs or one-time eliminations (#022)

Purpose: To identify non-Position Inventory Control System related budget adjustments due to activities that phase-out in 2013-2015 or eliminate one-time expenditures from the 2011-2013 budget.

How accomplished:

Budget:

$	(0)	General Fund
$	(0)	Lottery Fund
$	(0)	Other Fund
$	(0)	Federal Fund

Staffing impact: None

AIR QUALITY ESSENTIAL PACKAGE NARRATIVE

Title: Inflation and price list adjustments (#031, 033)

Purpose: Apply inflation and price list adjustments to services and supplies, capital outlay, and special payment amounts in the 2013-2015 base budget.

How accomplished:
Package 031 applies standard inflation to State Government Service Charges and other price list adjustments

- General inflation of 2.4 percent
- Attorney general inflation of 14.9 percent
- State government service charge price list adjustments
- Central government service charge price list adjustments
- Self support rent agreement price list (DEQ Laboratory Facility)

Package 033 applies inflation rates requiring Exception Committee approval and includes only the amount over and above Package 031 amounts. DEQ applied an incremental rate of 2.83 percent for Intra-Agency Charges (General and Lottery Funds), which help fund DEQ's central services, and a 10.6 percent rate for special payments to the State Police.

Budget:

Package	General Fund	Lottery Fund	Other Fund	Federal Fund
031	$ 39,675	$ 0	$ 444,797	$ 90,117
032	$ 0	$ 0	$ 0	$ 0
033	$ 11,194	$ 0	$ 1,449	$ 8,499

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 031 - Standard Inflation | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	39,675	-	-	-	-	-	39,675
Total Revenues	**$39,675**	**-**	**-**	**-**	**-**	**-**	**$39,675**
Transfers Out							
Transfer Out - Intrafund	-	-	(27,420)	-	-	-	(27,420)
Transfer Out - Indirect Cost	-	-	67,131	9,372	-	-	76,503
Total Transfers Out	**-**	**-**	**$39,711**	**$9,372**	**-**	**-**	**$49,083**
Services & Supplies							
Instate Travel	203	-	3,422	611	-	-	4,236
Out of State Travel	47	-	342	20	-	-	409
Employee Training	291	-	4,279	596	-	-	5,166
Office Expenses	466	-	6,143	329	-	-	6,938
Telecommunications	486	-	10,789	876	-	-	12,151
Data Processing	259	-	2,037	151	-	-	2,447
Publicity and Publications	11	-	1,923	-	-	-	1,934
Professional Services	7,329	-	59,443	7,218	-	-	73,990
Attorney General	14,257	-	40,249	5,284	-	-	59,790
Employee Recruitment and Develop	21	-	33	14	-	-	68
Dues and Subscriptions	20	-	225	23	-	-	268
Facilities Rental and Taxes	1,354	-	233,543	20,352	-	-	255,249
Fuels and Utilities	159	-	11,942	108	-	-	12,209
Facilities Maintenance	36	-	3,725	20	-	-	3,781
Medical Services and Supplies	-	-	44	-	-	-	44

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 031 - Standard Inflation | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Agency Program Related S and S	360	-	6,265	427	-	-	7,052
Intra-agency Charges	4,844	-	-	-	-	-	4,844
Other Services and Supplies	2,451	-	32,083	5,695	-	-	40,229
Expendable Prop 250 - 5000	460	-	6,230	826	-	-	7,516
IT Expendable Property	-	-	5,247	144	-	-	5,391
Total Services & Supplies	**$33,054**	**-**	**$427,964**	**$42,694**	**-**	**-**	**$503,712**
Capital Outlay							
Technical Equipment	-	-	13,417	3,804	-	-	17,221
Data Processing Hardware	765	-	3,088	-	-	-	3,853
Total Capital Outlay	**$765**	**-**	**$16,505**	**$3,804**	**-**	**-**	**$21,074**
Special Payments							
Dist to Other Gov Unit	5,856	-	-	23,191	-	-	29,047
Dist to Non-Gov Units	-	-	-	18,504	-	-	18,504
Spc Pmt to Police, Dept of State	-	-	328	1,924	-	-	2,252
Total Special Payments	**$5,856**	**-**	**$328**	**$43,619**	**-**	**-**	**$49,803**
Total Expenditures							
Total Expenditures	39,675	-	444,797	90,117	-	-	574,589
Total Expenditures	**$39,675**	**-**	**$444,797**	**$90,117**	**-**	**-**	**$574,589**

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 031 - Standard Inflation | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	(405,086)	(80,745)	-	-	(485,831)
Total Ending Balance	**-**	**-**	**($405,086)**	**($80,745)**	**-**	**-**	**($485,831)**

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 033 - Exceptional Inflation | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	11,194	-	-	-	-	-	11,194
Total Revenues	**$11,194**	**-**	**-**	**-**	**-**	**-**	**$11,194**
Services & Supplies							
Intra-agency Charges	11,194	-	-	-	-	-	11,194
Total Services & Supplies	**$11,194**	**-**	**-**	**-**	**-**	**-**	**$11,194**
Special Payments							
Spc Pmt to Police, Dept of State	-	-	1,449	8,499	-	-	9,948
Total Special Payments	**-**	**-**	**$1,449**	**$8,499**	**-**	**-**	**$9,948**
Total Expenditures							
Total Expenditures	11,194	-	1,449	8,499	-	-	21,142
Total Expenditures	**$11,194**	**-**	**$1,449**	**$8,499**	**-**	**-**	**$21,142**
Ending Balance							
Ending Balance	-	-	(1,449)	(8,499)	-	-	(9,948)
Total Ending Balance	**-**	**-**	**($1,449)**	**($8,499)**	**-**	**-**	**($9,948)**

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AIR QUALITY ESSENTIAL PACKAGE NARRATIVE

Title: Fund shifts (#050)

Purpose: The package records position/budget shifts among funding types within the program.

How accomplished: This package shifts positions, services and supplies and capital outlay from Federal Funds to Other Funds to reflect changes in work and funding.

Budget:	$	0	General Fund
	$	0	Lottery Fund
	$	5	Other Fund
	$	(5)	Federal Fund

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 050 - Fundshifts | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Transfers Out							
Transfer Out - Indirect Cost	-	-	(1)	1	-	-	-
Total Transfers Out	**-**	**-**	**($1)**	**$1**	**-**	**-**	**-**
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	3	(3)	-	-	-
Empl. Rel. Bd. Assessments	-	-	1	-	-	-	1
Public Employees' Retire Cont	-	-	-	(1)	-	-	(1)
Social Security Taxes	-	-	(1)	-	-	-	(1)
Worker's Comp. Assess. (WCD)	-	-	(1)	-	-	-	(1)
Flexible Benefits	-	-	2	(2)	-	-	-
Reconciliation Adjustment	-	-	1	1	-	-	2
Total Personal Services	**-**	**-**	**$5**	**($5)**	**-**	**-**	**-**
Total Expenditures							
Total Expenditures	-	-	5	(5)	-	-	-
Total Expenditures	**-**	**-**	**$5**	**($5)**	**-**	**-**	**-**
Ending Balance							
Ending Balance	-	-	(6)	6	-	-	-
Total Ending Balance	**-**	**-**	**($6)**	**$6**	**-**	**-**	**-**

AIR QUALITY ESSENTIAL PACKAGE NARRATIVE

Title: Technical adjustments (#060)

Purpose: The package records technical adjustments that do not fit in the standard essential packages.

How accomplished: This package moves unemployment limitation from the Air Quality program to Agency Management.

Budget:

$	0	General Fund
$	0	Lottery Fund
$	(29,914)	Other Fund
$	(626)	Federal Fund

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 060 - Technical Adjustments | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Transfers Out							
Transfer Out - Indirect Cost	-	-	5,684	119	-	-	5,803
Total Transfers Out	**-**	**-**	**$5,684**	**$119**	**-**	**-**	**$5,803**
Personal Services							
Unemployment Assessments	-	-	(29,914)	(626)	-	-	(30,540)
Total Personal Services	**-**	**-**	**($29,914)**	**($626)**	**-**	**-**	**($30,540)**
Total Expenditures							
Total Expenditures	-	-	(29,914)	(626)	-	-	(30,540)
Total Expenditures	**-**	**-**	**($29,914)**	**($626)**	**-**	**-**	**($30,540)**
Ending Balance							
Ending Balance	-	-	35,598	745	-	-	36,343
Total Ending Balance	**-**	**-**	**$35,598**	**$745**	**-**	**-**	**$36,343**

AIR QUALITY ADJUSTMENT PACKAGE NARRATIVE

Title: Revenue shortfalls (#070)

Purpose: The package includes other and federal funds expenditure reductions necessary to adjust essential service level to available revenue. Where appropriate, an ending balance is maintained to allow continuity of the program into the next biennium.

How accomplished: Air Quality's package 070 reduces limitation through cuts to FTE to balance the Air Contaminant Discharge Permitting program. The deficit in ACDP is a result of normal increases in Personal Service costs and other inflationary costs over the years since the last fee increase in 2007. Of the 6.67 FTE cut, three positions and FTE are permanent cuts while DEQ is requesting restoration of 3.67 FTE in policy package 111 through a fee increase. The permanent reductions include two permit writer positions and a rule writer position.

Budget:	$	(0)	General Fund
	$	(0)	Lottery Fund
	$	(1,332,802)	Other Fund
	$	(14,781)	Federal Fund

Staffing impact: (6.67) FTE Other Fund
(6.00) Positions

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 070 - Revenue Shortfalls | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Transfers Out							
Transfer Out - Indirect Cost	-	-	219,323	2,824	-	-	222,147
Total Transfers Out	**-**	**-**	**$219,323**	**$2,824**	**-**	**-**	**$222,147**
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	(742,347)	(11,664)	-	-	(754,011)
Empl. Rel. Bd. Assessments	-	-	(267)	-	-	-	(267)
Public Employees' Retire Cont	-	-	(141,565)	(2,224)	-	-	(143,789)
Social Security Taxes	-	-	(56,789)	(892)	-	-	(57,681)
Worker's Comp. Assess. (WCD)	-	-	(394)	-	-	-	(394)
Mass Transit Tax	-	-	(4,453)	-	-	-	(4,453)
Flexible Benefits	-	-	(203,622)	-	-	-	(203,622)
Reconciliation Adjustment	-	-	(1)	(1)	-	-	(2)
Total Personal Services	**-**	**-**	**($1,149,438)**	**($14,781)**	**-**	**-**	**($1,164,219)**
Services & Supplies							
Instate Travel	-	-	(5,330)	-	-	-	(5,330)
Out of State Travel	-	-	(870)	-	-	-	(870)
Employee Training	-	-	(7,361)	-	-	-	(7,361)
Office Expenses	-	-	(7,342)	-	-	-	(7,342)
Telecommunications	-	-	(10,714)	-	-	-	(10,714)
Data Processing	-	-	(1,577)	-	-	-	(1,577)
Professional Services	-	-	(2,075)	-	-	-	(2,075)
Employee Recruitment and Develop	-	-	(127)	-	-	-	(127)
Dues and Subscriptions	-	-	(435)	-	-	-	(435)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 070 - Revenue Shortfalls | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Facilities Rental and Taxes	-	-	(90,772)	-	-	-	(90,772)
Fuels and Utilities	-	-	(2,864)	-	-	-	(2,864)
Facilities Maintenance	-	-	(327)	-	-	-	(327)
Agency Program Related S and S	-	-	(852)	-	-	-	(852)
Other Services and Supplies	-	-	(41,661)	-	-	-	(41,661)
Expendable Prop 250 - 5000	-	-	(6,997)	-	-	-	(6,997)
IT Expendable Property	-	-	(4,060)	-	-	-	(4,060)
Total Services & Supplies	**-**	**-**	**($183,364)**	**-**	**-**	**-**	**($183,364)**
Total Expenditures							
Total Expenditures	-	-	(1,332,802)	(14,781)	-	-	(1,347,583)
Total Expenditures	**-**	**-**	**($1,332,802)**	**($14,781)**	**-**	**-**	**($1,347,583)**
Ending Balance							
Ending Balance	-	-	1,552,125	17,605	-	-	1,569,730
Total Ending Balance	**-**	**-**	**$1,552,125**	**$17,605**	**-**	**-**	**$1,569,730**
Total Positions							
Total Positions							(6)
Total Positions	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of **Cross Reference Name: Air Quality**
Pkg: 070 - Revenue Shortfalls **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total FTE							
Total FTE							(6.67)
Total FTE	**-**	**-**	**-**	**-**	**-**	**-**	**(6.67)**

_____ **Agency Request** _____ **Governor's Budget** _____ **Legislatively Adopted**
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AIR QUALITY ADJUSTMENT PACKAGE NARRATIVE

Title: Analyst Adjustments (#090)

Purpose:

This package implements adjustments to budgeted indirect costs from PERS rate changes.

How accomplished:

This package reflects the impact on the Air Quality program budget from savings generated by agency management indirect cost charges that were reduced due to PERS rate changes.

Budget:	$	(1,172)	General Fund
	$	0	Lottery Fund
	$	0	Other Fund
	$	0	Federal Fund

Staffing Impact – None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**
Pkg: 090 - Analyst Adjustments | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(1,172)	-	-	-	-	-	(1,172)
Total Revenues	**($1,172)**	**-**	**-**	**-**	**-**	**-**	**($1,172)**
Transfers Out							
Transfer Out - Indirect Cost	-	-	16,916	2,362	-	-	19,278
Total Transfers Out	**-**	**-**	**$16,916**	**$2,362**	**-**	**-**	**$19,278**
Services & Supplies							
Intra-agency Charges	(1,172)	-	-	-	-	-	(1,172)
Total Services & Supplies	**($1,172)**	**-**	**-**	**-**	**-**	**-**	**($1,172)**
Total Expenditures							
Total Expenditures	(1,172)	-	-	-	-	-	(1,172)
Total Expenditures	**($1,172)**	**-**	**-**	**-**	**-**	**-**	**($1,172)**
Ending Balance							
Ending Balance	-	-	16,916	2,362	-	-	19,278
Total Ending Balance	**-**	**-**	**$16,916**	**$2,362**	**-**	**-**	**$19,278**

AIR QUALITY ADJUSTMENT PACKAGE NARRATIVE

Title: Statewide Administrative Savings (#091)

Purpose:

This package implements adjustments to the budget that represent an estimate of savings from administrative efficiencies.

How accomplished: The Governor's budget requires increased efficiency in the operation of state government, calls for additional savings in administrative expenditures, and allows for the reinvestment of some of the savings realized through efficiencies into agency programs or to other initiatives that will further improve the administrative operations of state government.

Package 091 was included in all agency budgets as a placeholder for administrative efficiencies to be found in Finance, IT, HR, Accounting, Payroll, and Procurement activities. The Improving Government subcommittee of the Enterprise Leadership Team will be identifying proposed efficiencies or changes in the delivery of service to meet the funding level in the Governor's budget, and will work with individual agencies on the impact to their budget, along with reinvestment opportunities.

Agencies have been asked not to develop implementation plans for Package 091 until those proposed changes have been identified.

Budget:		
	$ (19,129)	General Fund
	$ 0	Lottery Fund
	$ (140,465)	Other Fund
	$ (8,533)	Federal Fund

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 091 - Statewide Administrative Savings | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(19,129)	-	-	-	-	-	(19,129)
Total Revenues	**($19,129)**	**-**	**-**	**-**	**-**	**-**	**($19,129)**
Transfers Out							
Transfer Out - Indirect Cost	-	-	22,434	1,505	-	-	23,939
Total Transfers Out	**-**	**-**	**$22,434**	**$1,505**	**-**	**-**	**$23,939**
Personal Services							
Undistributed (P.S.)	(6,447)	-	(118,076)	(7,920)	-	-	(132,443)
Total Personal Services	**($6,447)**	**-**	**($118,076)**	**($7,920)**	**-**	**-**	**($132,443)**
Services & Supplies							
Undistributed (S.S.)	(12,682)	-	(22,389)	(613)	-	-	(35,684)
Total Services & Supplies	**($12,682)**	**-**	**($22,389)**	**($613)**	**-**	**-**	**($35,684)**
Total Expenditures							
Total Expenditures	(19,129)	-	(140,465)	(8,533)	-	-	(168,127)
Total Expenditures	**($19,129)**	**-**	**($140,465)**	**($8,533)**	**-**	**-**	**($168,127)**
Ending Balance							
Ending Balance	-	-	162,899	10,038	-	-	172,937
Total Ending Balance	**-**	**-**	**$162,899**	**$10,038**	**-**	**-**	**$172,937**

_____ Agency Request | **_____ Governor's Budget** | **_____ Legislatively Adopted**

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AIR QUALITY ADJUSTMENT PACKAGE NARRATIVE

Title: PERS Taxation Policy (#092)

Purpose:

This package implements adjustments to the budget that represent an estimate of savings from a PERS policy change on tax relief calculations.

How accomplished: This package supports a policy change to limit tax relief calculations to PERS retirees that are Oregon residents. Non-resident retirees will no longer receive the tax relief benefit. The policy change saves approximately 40 basis points on the PERS employer rate. It also includes the impact on the agency management indirect resulting from this policy.

Budget:	$	(8,372)	General Fund
	$	0	Lottery Fund
	$	(77,015)	Other Fund
	$	(11,153)	Federal Fund

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of
Pkg: 092 - PERS Taxation Policy

Cross Reference Name: Air Quality
Cross Reference Number: 34000-001-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(8,372)	-	-	-	-	-	(8,372)
Total Revenues	**($8,372)**	**-**	**-**	**-**	**-**	**-**	**($8,372)**
Transfers Out							
Transfer Out - Indirect Cost	-	-	10,264	1,433	-	-	11,697
Total Transfers Out	**-**	**-**	**$10,264**	**$1,433**	**-**	**-**	**$11,697**
Personal Services							
PERS Policy Adjustment	(7,661)	-	(77,015)	(11,153)	-	-	(95,829)
Total Personal Services	**($7,661)**	**-**	**($77,015)**	**($11,153)**	**-**	**-**	**($95,829)**
Services & Supplies							
Intra-agency Charges	(711)	-	-	-	-	-	(711)
Total Services & Supplies	**($711)**	**-**	**-**	**-**	**-**	**-**	**($711)**
Total Expenditures							
Total Expenditures	(8,372)	-	(77,015)	(11,153)	-	-	(96,540)
Total Expenditures	**($8,372)**	**-**	**($77,015)**	**($11,153)**	**-**	**-**	**($96,540)**
Ending Balance							
Ending Balance	-	-	87,279	12,586	-	-	99,865
Total Ending Balance	**-**	**-**	**$87,279**	**$12,586**	**-**	**-**	**$99,865**

_____ Agency Request **_____ Governor's Budget** **_____ Legislatively Adopted**
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AIR QUALITY ADJUSTMENT PACKAGE NARRATIVE

Title: Other PERS Adjustments (#093)

Purpose:

This package implements adjustments to the budget that represent an estimate of savings from PERS policy changes.

How accomplished: This package supports policy changes that reduce the PERS employer rate by approximately 320 basis points. It also includes the impact of the policy package change on agency management indirect charges.

Budget:	$	(6,689)	General Fund
	$	0	Lottery Fund
	$	(61,539)	Other Fund
	$	(8,912)	Federal Fund

Staffing impact: None

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of
Pkg: 093 - Other PERS Adjustments

Cross Reference Name: Air Quality
Cross Reference Number: 34000-001-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(6,689)	-	-	-	-	-	(6,689)
Total Revenues	**($6,689)**	**-**	**-**	**-**	**-**	**-**	**($6,689)**
Transfers Out							
Transfer Out - Indirect Cost	-	-	8,202	1,145	-	-	9,347
Total Transfers Out	**-**	**-**	**$8,202**	**$1,145**	**-**	**-**	**$9,347**
Personal Services							
PERS Policy Adjustment	(6,121)	-	(61,539)	(8,912)	-	-	(76,572)
Total Personal Services	**($6,121)**	**-**	**($61,539)**	**($8,912)**	**-**	**-**	**($76,572)**
Services & Supplies							
Intra-agency Charges	(568)	-	-	-	-	-	(568)
Total Services & Supplies	**($568)**	**-**	**-**	**-**	**-**	**-**	**($568)**
Total Expenditures							
Total Expenditures	(6,689)	-	(61,539)	(8,912)	-	-	(77,140)
Total Expenditures	**($6,689)**	**-**	**($61,539)**	**($8,912)**	**-**	**-**	**($77,140)**
Ending Balance							
Ending Balance	-	-	69,741	10,057	-	-	79,798
Total Ending Balance	**-**	**-**	**$69,741**	**$10,057**	**-**	**-**	**$79,798**

AIR QUALITY PROGRAM NARRATIVE (13-15)

Title: Implement Phase One of OR Clean Fuels Program (#110)

Purpose: This package is a companion to the Modify Clean Fuel Standard Legislative Concept (LC 548). Among other provisions, the concept would authorize the Environmental Quality Commission to assess fees on parties regulated by the clean fuels standards in an amount sufficient to implement the program. This package would authorize the fee-funded positions and contract funds needed for phase-one of the Clean Fuels Program.

The threat of climate change has implications to Oregon's economy and environment. In response, the 2007 Legislative Assembly passed a climate change bill (HB 3543), which established Oregon's greenhouse gas emission reduction goals, formed a Global Warming Commission and created the Oregon Climate Change Research Institute. The 2007 Legislative Assembly also passed energy legislation (Senate Bill 838 and House Bills 2210-2212), which will encourage the production of alternative fuels and reduce energy consumption along with greenhouse gas emissions.

The transportation sector accounts for approximately one-third of the greenhouse gases emitted in Oregon. To address this, the 2009 Legislature passed HB 2186, authorizing the Environmental Quality Commission to adopt clean fuel standards that require a 10 percent reduction of lifecycle carbon intensity over a 10-year period. The Clean Fuels program would meet this goal by creating demand for lower carbon fuels like biofuels, electricity and natural gas. Implementation of this program would support Oregon's climate change goals and many of the objectives that Governor Kitzhaber has proposed for Oregon's Ten-Year Energy Action Plan, including reducing our dependence on foreign oil, developing renewable energy resources, and boosting Oregon's and the nation's economy through investment and innovation. Resources requested in this package will also help to achieve the greenhouse gas emissions reduction outcome, *reduce greenhouse gas emissions that contribute to climate change*, which is identified in the Healthy Environment strategy 1, *invest in programs that improve water quality and air quality*.

Since the adoption of House Bill 2186, DEQ has been evaluating the Clean Fuels Program, including a year-long advisory committee process and another year of stakeholder outreach. Recently, Governor Kitzhaber directed DEQ to take the next step by developing rules to implement the program in two phases. The first phase would allow DEQ and fuel suppliers to test the data management, technical tools and procedures that would be needed to fully implement the program. During this phase, DEQ would also conduct a number of studies to help determine if the second phase is warranted. The second phase, which would only be implemented if separately approved by both the Environmental Quality Commission and the Legislature, would require fuel suppliers to begin increasing the use of lower carbon fuels.

While DEQ has developed the program to date with existing resources, DEQ will not be able to effectively implement the program without new resources. Existing staff need to resume work that has been deferred during the development of the program, including required work to meet more stringent federal air quality standards that EPA has recently adopted or is expected to adopt soon.

How Achieved: The time period of the 2013-2015 biennium would be a reporting-only period for fuel producers and importers and would be a critical time for DEQ Clean Fuels Program staff requested in this policy package to implement phase one and conduct the evaluations needed to assess whether or not phase two should be triggered. Since phase two of the program is dependent on additional approvals and the structure and requirements of the final program may change, DEQ is requesting limited duration positions for the 2013-2015 biennium.

AIR QUALITY PROGRAM NARRATIVE (13-15)

DEQ is requesting two positions, one full time and one half time and both would phase in on October 1, 2012 (1.32 FTE). The positions requested include:

- Natural Resource Specialist 4 - This full-time position would be responsible for overall Clean Fuels program coordination. The position would register parties subject to the program, approve carbon intensity values for each fuel-type produced or imported by registered parties, adapt a California reporting tool for use in Oregon, assist reporters in complying with record-keeping and reporting requirements and continue stakeholder engagement and outreach about the program. This position would also lead the evaluation of factors important in determining if the second phase of the program should be triggered, including an assessment of the availability of low carbon fuel needed in the future to meet the emission reduction goal; an evaluation of technical issues important to accurately account for the full life-cycle emissions of each fuel type; and an assessment of systems needed to rapidly implement deferrals due to forecast or unexpected shortages of low carbon fuel should they occur during phase two. In addition, if phase two is authorized by the legislature, this position will lead an advisory committee to conduct a fiscal analysis and develop proposed updates to the program for consideration by the EQC.

- Natural Resource Specialist 3 - This half-time position would be responsible for the technical aspects of emissions reporting. The position would provide training and technical assistance to reporters; compile and analyze fuels reports; and conduct GREET modeling to establish carbon intensity values for new and unique fuel-types.

Because of the technical nature of alternative fuels, DEQ also anticipates the need for outside expertise to assess the future supply of low carbon fuels, update the fiscal analysis for phase two, and to modify an existing data system to accept on-line reporting and store and analyze carbon intensity data. Funding for the staff and contracts would come from a fee assessed on parties required to register during phase one. To date, DEQ has identified 69 potential parties subject to the program.

Approval of this package will benefit Oregonians and the environment by ensuring that DEQ:

- Provides technical assistance to reporters making their initial carbon intensity reports
- Develops a workable reporting system making it simple for regulated parties to comply
- Prepares a comprehensive assessment of the future availability of lower carbon fuels
- Conducts a thorough stakeholder process to develop a feasible and effective clean fuels program

AIR QUALITY PROGRAM NARRATIVE (13-15)

Risks to Oregonians and the environment without this package are:

- Reporters would be on their own to decipher how to do the initial carbon intensity reporting
- Decisions about the Clean Fuels program future would be made without analysis and adequate stakeholder input
- Opportunity to reduce greenhouse gas emissions from the transportation sector and meet reduction goals would be at risk
- Opportunities to reduce dependence on foreign oil and develop home grown renewable energy resources could be lost

2013-2015 Staffing Impact:

Position Class	Total Positions	Position Number	FTE by Division
Natural Resource Specialist 3	1	3001	.44 HQ
Natural Resource Specialist 4	1	3002	.88 HQ
Total	2		1.32

Contracts: $143,248

2015-2017 Staffing Impact:

None

Revenue Source: Other Funds

Total Budget: $429,999 Other Fund

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 110 - Implement Phase 1 of OR Clean Fuels Program | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Business Lic and Fees	-	-	475,000	-	-	-	475,000
Total Revenues	**-**	**-**	**$475,000**	**-**	**-**	**-**	**$475,000**
Transfers Out							
Transfer Out - Indirect Cost	-	-	(44,081)	-	-	-	(44,081)
Total Transfers Out	**-**	**-**	**($44,081)**	**-**	**-**	**-**	**($44,081)**
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	139,398	-	-	-	139,398
Empl. Rel. Bd. Assessments	-	-	70	-	-	-	70
Public Employees' Retire Cont	-	-	26,584	-	-	-	26,584
Social Security Taxes	-	-	10,664	-	-	-	10,664
Worker's Comp. Assess. (WCD)	-	-	102	-	-	-	102
Mass Transit Tax	-	-	836	-	-	-	836
Flexible Benefits	-	-	53,424	-	-	-	53,424
Reconciliation Adjustment	-	-	(1)	-	-	-	(1)
Total Personal Services	**-**	**-**	**$231,077**	**-**	**-**	**-**	**$231,077**
Services & Supplies							
Instate Travel	-	-	1,049	-	-	-	1,049
Out of State Travel	-	-	171	-	-	-	171
Employee Training	-	-	1,449	-	-	-	1,449
Office Expenses	-	-	1,445	-	-	-	1,445
Telecommunications	-	-	2,109	-	-	-	2,109

_____ Agency Request | **_____ Governor's Budget** | **_____ Legislatively Adopted**

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 110 - Implement Phase 1 of OR Clean Fuels Program | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Data Processing	-	-	310	-	-	-	310
Publicity and Publications	-	-	1,070	-	-	-	1,070
Professional Services	-	-	143,248	-	-	-	143,248
Attorney General	-	-	20,000	-	-	-	20,000
Employee Recruitment and Develop	-	-	25	-	-	-	25
Dues and Subscriptions	-	-	86	-	-	-	86
Facilities Rental and Taxes	-	-	17,862	-	-	-	17,862
Fuels and Utilities	-	-	564	-	-	-	564
Facilities Maintenance	-	-	64	-	-	-	64
Medical Services and Supplies	-	-	25	-	-	-	25
Agency Program Related S and S	-	-	168	-	-	-	168
Other Services and Supplies	-	-	7,101	-	-	-	7,101
Expendable Prop 250 - 5000	-	-	1,377	-	-	-	1,377
IT Expendable Property	-	-	799	-	-	-	799
Total Services & Supplies	**-**	**-**	**$198,922**	**-**	**-**	**-**	**$198,922**
Total Expenditures							
Total Expenditures	-	-	429,999	-	-	-	429,999
Total Expenditures	**-**	**-**	**$429,999**	**-**	**-**	**-**	**$429,999**
Ending Balance							
Ending Balance	-	-	920	-	-	-	920
Total Ending Balance	**-**	**-**	**$920**	**-**	**-**	**-**	**$920**

_____ Agency Request | **_____ Governor's Budget** | **_____ Legislatively Adopted**

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 110 - Implement Phase 1 of OR Clean Fuels Program | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Positions							
Total Positions							2
Total Positions	**-**	**-**	**-**	**-**	**-**	**-**	**2**
Total FTE							
Total FTE							1.32
Total FTE	**-**	**-**	**-**	**-**	**-**	**-**	**1.32**

_____ **Agency Request** | _____ **Governor's Budget** | _____ **Legislatively Adopted**

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AIR QUALITY PROGRAM NARRATIVE (13-15)

Title: Maintain an Effective ACDP Permit Program (#111)

Purpose: The purpose of this package is to maintain an Air Contaminant Discharge Permit Program that ensures effective compliance with air pollution requirements. Resources requested in this package will help achieve the outcomes identified in Healthy Environment strategy one, *invest in programs that improve water quality and air quality.* Resources will also help DEQ achieve the goals of the Oregon Progress Board environmental benchmarks #75a and b and #76a and b, reducing the number of unhealthy air days and reducing risk from air toxics (also DEQ key performance measures 12 and 13 a and b). In addition, an adequately staffed ACDP program will help DEQ maintain timely permitting as defined in Oregon Progress Board economic benchmark 10a and DEQ key performance measure 2.

The ACDP permit serves two important purposes. First, it is a state construction approval permit required by the federal Clean Air Act to ensure that new and modified sources are equipped with required emission control technology and that emissions from the facilities will not violate air quality standards or other requirements. The construction approval process is very important because it is most cost-effective for industries to install emission controls at the time of new construction, and because the approval process ensures that emissions from new sources will not cause violations of federal air quality standards. Timely construction permitting is important because permit applicants may not begin construction until construction approvals are issued.

Second, ACDP is a state operating permit for industrial sources that are not subject to the federal Title V operating permit program. This includes sources with emissions that naturally fall below Title V permitting thresholds, as well as sources that request emission limits specifically to stay below Title V permitting thresholds. Industrial facilities are subject to a variety of federal and state air quality emission standards that help ensure that Oregonians breathe clean and healthy air, and ACDP permits ensure that permittees comply with these standards.

The ACDP program is funded by a combination of permit fees, General Fund and federal funds, although the amount of General and federal funds available for the program have declined since the 1990's and fees now account for 93 percent of program expenditures. In the 2009 legislative session, while the Air program's General Fund was reduced by 21 percent overall, DEQ offered lower priority work and avoided cuts to General Fund for ACDP work. However, in the 2011 session, the Air Quality program had its General Funds reduced by 32 percent, including a loss of 1.75 FTE in the ACDP program.

Unlike the Title V program, the ACDP fee is not limited to a specific dollar amount by statute, nor is the fee indexed to the consumer price index to provide regular inflationary increases. ACDP fees were last increased by 20 percent in 2007 with the expectation that the fee increase would provide sufficient funding until 2011. However, thanks to extensive streamlining implemented in the last decade and other factors, DEQ has been able to delay a fee increase for two years longer.

The ACDP program is now facing a deficit and needs a fee increase to compensate for inflation and personal services cost increases. Without a fee increase, DEQ will have to reduce staffing from the current 33 FTE to 26 FTE for the 2013-2015 biennium. At this level, DEQ would not be able to maintain adequate service in the program, causing permit backlogs and delays in addressing air quality issues at ACDP facilities. DEQ's inability to process ACDP permits in a timely manner could create an obstacle to future economic development, especially for new facilities and for existing facilities modifying their operations.

AIR QUALITY PROGRAM NARRATIVE (13-15)

How Achieved: To maintain an acceptable service level, DEQ plans to request an overall ACDP fee increase of approximately 20 percent. This fee increase will provide sufficient revenue to restore 3.67 FTE of the 6.67 unaffordable FTE. The positions conduct permitting, inspections, source testing, complaint response and rule and state implementation plan updates. DEQ recently undertook agency-wide process improvement projects for the permitting and inspection functions. When implemented, the recommendations will simplify and standardize processes; however, DEQ still needs the requested FTE to adequately run the program

Approval of this package will benefit Oregonians and the environment by ensuring that DEQ:

- Issues and renews ACDP permits in a timely manner
- Meets the economic benchmark and key performance measure (90 percent of ACDP permits issued within target timeframe)
- Completes required ACDP inspections
- Monitors and enforces compliance with air quality regulations that apply to ACDP facilities
- Develops rules and state implementation plans to comply with federal health standards

Risk to Oregonians and the environment without this package:

- Backlogs in ACDP permitting and potential delays in construction approvals that would negatively impact economic development efforts in the state
- Failure to meet the economic benchmark and key performance measure (90 percent of ACDP permits issued within target timeframe)
- Fewer inspections and reduced compliance
- An increase in unresolved complaints and less technical assistance to permittees
- Delays in attainment and maintenance planning for communities, making it more difficult and costly for new and expanding businesses

13-15 Staffing Impact:

Position Class	Total Positions	Position Number	FTE by Division
Restorations:			
Environmental Engineer 2	1 PF	1253	1.00 WR
Natural Resource Specialist 1	1 PF	2506	1.00 ER
Natural Resource Specialist 3	1 PF	2510	1.00 NWR
Natural Resource Specialist 4	1 PF	2515	0.67 HQ
Total	4		3.67

AIR QUALITY PROGRAM NARRATIVE (13-15)

15-17 Staffing Impact:

Position Class	Total Positions	Position Number	FTE by Division
Environmental Engineer 2	1 PF	1253	1.00 WR
Natural Resource Specialist 1	1 PF	2506	1.00 ER
Natural Resource Specialist 3	1 PF	2510	1.00 NWR
Natural Resource Specialist 4	1 PF	2515	0.67 HQ
Total	4		3.67

Total Budget: $810,671 Other Fund

Revenue Source: ACDP Fees

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 111 - Maintain an Effective ACDP Permit Program | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Business Lic and Fees	-	-	1,200,000	-	-	-	1,200,000
Total Revenues	**-**	**-**	**$1,200,000**	**-**	**-**	**-**	**$1,200,000**
Transfers Out							
Transfer Out - Indirect Cost	-	-	(135,666)	-	-	-	(135,666)
Total Transfers Out	**-**	**-**	**($135,666)**	**-**	**-**	**-**	**($135,666)**
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	470,091	-	-	-	470,091
Empl. Rel. Bd. Assessments	-	-	147	-	-	-	147
Public Employees' Retire Cont	-	-	89,646	-	-	-	89,646
Social Security Taxes	-	-	35,961	-	-	-	35,961
Worker's Comp. Assess. (WCD)	-	-	216	-	-	-	216
Mass Transit Tax	-	-	2,820	-	-	-	2,820
Flexible Benefits	-	-	112,038	-	-	-	112,038
Reconciliation Adjustment	-	-	1	-	-	-	1
Total Personal Services	**-**	**-**	**$710,920**	**-**	**-**	**-**	**$710,920**
Services & Supplies							
Instate Travel	-	-	2,932	-	-	-	2,932
Out of State Travel	-	-	477	-	-	-	477
Employee Training	-	-	4,051	-	-	-	4,051
Office Expenses	-	-	4,041	-	-	-	4,041
Telecommunications	-	-	5,894	-	-	-	5,894

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of | **Cross Reference Name: Air Quality**

Pkg: 111 - Maintain an Effective ACDP Permit Program | **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Data Processing	-	-	866	-	-	-	866
Employee Recruitment and Develop	-	-	70	-	-	-	70
Dues and Subscriptions	-	-	239	-	-	-	239
Facilities Rental and Taxes	-	-	49,945	-	-	-	49,945
Fuels and Utilities	-	-	1,575	-	-	-	1,575
Facilities Maintenance	-	-	180	-	-	-	180
Agency Program Related S and S	-	-	470	-	-	-	470
Other Services and Supplies	-	-	22,926	-	-	-	22,926
Expendable Prop 250 - 5000	-	-	3,850	-	-	-	3,850
IT Expendable Property	-	-	2,235	-	-	-	2,235
Total Services & Supplies	**-**	**-**	**$99,751**	**-**	**-**	**-**	**$99,751**
Total Expenditures							
Total Expenditures	-	-	810,671	-	-	-	810,671
Total Expenditures	**-**	**-**	**$810,671**	**-**	**-**	**-**	**$810,671**
Ending Balance							
Ending Balance	-	-	253,663	-	-	-	253,663
Total Ending Balance	**-**	**-**	**$253,663**	**-**	**-**	**-**	**$253,663**
Total Positions							
Total Positions							3
Total Positions	**-**	**-**	**-**	**-**	**-**	**-**	**3**

_____ Agency Request | **_____ Governor's Budget** | **_____ Legislatively Adopted**

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Environmental Quality, Dept of **Cross Reference Name: Air Quality**

Pkg: 111 - Maintain an Effective ACDP Permit Program **Cross Reference Number: 34000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total FTE							
Total FTE							3.67
Total FTE	**-**	**-**	**-**	**-**	**-**	**-**	**3.67**

_____ **Agency Request** _____ **Governor's Budget** _____ **Legislatively Adopted**

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DETAIL OF OTHER FUNDS AND FEDERAL FUNDS REVENUE

Source	Fund	2009-2011 Actuals	2011-2013 Legislatively Approved	2013-2015		
				Agency Request	Governor's Balanced	Legislatively Adopted
Air Quality						
Air Contaminant Discharge Permit Fees	OF	4,502,591	6,561,604	6,485,050	6,437,093	0
AQ Miscellaneous Other Funds	OF	1,344,230	215,959	230,230	229,361	0
Asbestos Certification Fees	OF	1,192,300	1,436,447	1,687,727	1,676,425	0
Clean Diesel - Congestion Mitigation AQ	OF	0	526,306	538,968	538,968	0
Field Burning Permit Fees	OF	157,232	82,338	91,806	91,054	0
Greenhouse Gas Reporting Fees	OF	294,204	581,328	629,234	626,608	0
Oregon Low Emission Vehicle Fees	OF	86,137	344,673	384,277	382,122	0
Other Clean Fuels Program	OF	0	0	430,919	429,441	0
Tanker Truck Certification Fees	OF	172,363	106,467	118,886	117,951	0
Title V Permit Fees	OF	6,268,311	8,222,158	9,003,143	8,812,308	0
Vehicle Inspection Certificate Fees	OF	17,806,753	21,952,254	23,633,918	23,486,883	0
Subtotal		31,824,121	40,029,534	43,234,158	42,828,214	0

Air Quality						
Air Quality Federal Funds	FF	7,961,247	7,247,963	7,521,901	7,474,922	0
Subtotal		7,961,247	7,247,963	7,521,901	7,474,922	0

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
LIMITED BUDGET (Excluding Packages)						
PERSONAL SERVICES						
General Fund	3,324,130	2,672,504	2,672,504	2,975,499	2,962,873	-
Other Funds	23,695,278	28,874,435	28,874,435	31,672,377	31,544,585	-
Federal Funds	5,275,734	4,225,808	4,225,808	4,417,854	4,399,400	-
All Funds	32,295,142	35,772,747	35,772,747	39,065,730	38,906,858	-
SERVICES & SUPPLIES						
General Fund	3,295,351	2,330,637	2,330,637	2,330,637	2,330,637	-
Other Funds	7,611,556	10,275,134	10,275,134	10,275,134	10,275,134	-
Federal Funds	1,242,288	1,046,164	1,046,164	1,046,164	1,046,164	-
All Funds	12,149,195	13,651,935	13,651,935	13,651,935	13,651,935	-
CAPITAL OUTLAY						
General Fund	62,034	31,894	31,894	31,894	31,894	-
Other Funds	338,685	687,692	687,692	687,692	687,692	-
Federal Funds	36,094	158,500	158,500	158,500	158,500	-
All Funds	436,813	878,086	878,086	878,086	878,086	-
SPECIAL PAYMENTS						
General Fund	367,941	244,012	244,012	244,012	244,012	-
Other Funds	178,602	192,273	192,273	192,273	192,273	-
Federal Funds	1,407,131	1,817,491	1,817,491	1,817,491	1,817,491	-
All Funds	1,953,674	2,253,776	2,253,776	2,253,776	2,253,776	-

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
TOTAL LIMITED BUDGET (Excluding Packages)						
General Fund	7,049,456	5,279,047	5,279,047	5,582,042	5,569,416	-
Other Funds	31,824,121	40,029,534	40,029,534	42,827,476	42,699,684	-
Federal Funds	7,961,247	7,247,963	7,247,963	7,440,009	7,421,555	-
All Funds	46,834,824	52,556,544	52,556,544	55,849,527	55,690,655	-
AUTHORIZED POSITIONS	247	227	227	224	224	-
AUTHORIZED FTE	237.35	222.75	222.75	223.27	223.27	-
LIMITED BUDGET (Essential Packages)						
010 NON-PICS PSNL SVC / VACANCY FACTOR						
PERSONAL SERVICES						
General Fund	-	-	-	56,662	56,662	-
Other Funds	-	-	-	(11,060)	(11,070)	-
Federal Funds	-	-	-	(1,235)	(1,239)	-
All Funds	-	-	-	44,367	44,353	-
021 PHASE-IN						
SERVICES & SUPPLIES						
Other Funds	-	-	-	94,414	94,414	-
031 STANDARD INFLATION						
SERVICES & SUPPLIES						
General Fund	-	-	-	37,704	33,054	-
Other Funds	-	-	-	427,964	427,964	-

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Federal Funds	-	-	-	42,694	42,694	-
All Funds	-	-	-	508,362	503,712	-
CAPITAL OUTLAY						
General Fund	-	-	-	765	765	-
Other Funds	-	-	-	16,505	16,505	-
Federal Funds	-	-	-	3,804	3,804	-
All Funds	-	-	-	21,074	21,074	-
SPECIAL PAYMENTS						
General Fund	-	-	-	5,856	5,856	-
Other Funds	-	-	-	328	328	-
Federal Funds	-	-	-	43,619	43,619	-
All Funds	-	-	-	49,803	49,803	-
033 EXCEPTIONAL INFLATION						
SERVICES & SUPPLIES						
General Fund	-	-	-	11,194	11,194	-
SPECIAL PAYMENTS						
Other Funds	-	-	-	1,449	1,449	-
Federal Funds	-	-	-	8,499	8,499	-
All Funds	-	-	-	9,948	9,948	-
050 FUNDSHIFTS						
PERSONAL SERVICES						

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	-	-	-	5	5	-
Federal Funds	-	-	-	(5)	(5)	-
All Funds	-	-	-	-	-	-
060 TECHNICAL ADJUSTMENTS						
PERSONAL SERVICES						
Other Funds	-	-	-	(29,914)	(29,914)	-
Federal Funds	-	-	-	(626)	(626)	-
All Funds	-	-	-	(30,540)	(30,540)	-
TOTAL LIMITED BUDGET (Essential Packages)						
General Fund	-	-	-	112,181	107,531	-
Other Funds	-	-	-	499,691	499,681	-
Federal Funds	-	-	-	96,750	96,746	-
All Funds	-	-	-	708,622	703,958	-
LIMITED BUDGET (Current Service Level)						
General Fund	7,049,456	5,279,047	5,279,047	5,694,223	5,676,947	-
Other Funds	31,824,121	40,029,534	40,029,534	43,327,167	43,199,365	-
Federal Funds	7,961,247	7,247,963	7,247,963	7,536,759	7,518,301	-
All Funds	46,834,824	52,556,544	52,556,544	56,558,149	56,394,613	-
AUTHORIZED POSITIONS	247	227	227	224	224	-
AUTHORIZED FTE	237.35	222.75	222.75	223.27	223.27	-
LIMITED BUDGET (Policy Packages)						

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
PRIORITY 0						
070 REVENUE SHORTFALLS						
PERSONAL SERVICES						
Other Funds	-	-	-	(1,154,338)	(1,149,438)	-
Federal Funds	-	-	-	(14,858)	(14,781)	-
All Funds	-	-	-	(1,169,196)	(1,164,219)	-
SERVICES & SUPPLIES						
Other Funds	-	-	-	(183,364)	(183,364)	-
AUTHORIZED POSITIONS	-	-	-	(6)	(6)	-
AUTHORIZED FTE	-	-	-	(6.67)	(6.67)	-
090 ANALYST ADJUSTMENTS						
SERVICES & SUPPLIES						
General Fund	-	-	-	-	(1,172)	-
091 STATEWIDE ADMINISTRATIVE SAVINGS						
PERSONAL SERVICES						
General Fund	-	-	-	-	(6,447)	-
Other Funds	-	-	-	-	(118,076)	-
Federal Funds	-	-	-	-	(7,920)	-
All Funds	-	-	-	-	(132,443)	-
SERVICES & SUPPLIES						
General Fund	-	-	-	-	(12,682)	-

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	-	-	-	-	(22,389)	-
Federal Funds	-	-	-	-	(613)	-
All Funds	-	-	-	-	(35,684)	-
092 PERS TAXATION POLICY						
PERSONAL SERVICES						
General Fund	-	-	-	-	(7,661)	-
Other Funds	-	-	-	-	(77,015)	-
Federal Funds	-	-	-	-	(11,153)	-
All Funds	-	-	-	-	(95,829)	-
SERVICES & SUPPLIES						
General Fund	-	-	-	-	(711)	-
093 OTHER PERS ADJUSTMENTS						
PERSONAL SERVICES						
General Fund	-	-	-	-	(6,121)	-
Other Funds	-	-	-	-	(61,539)	-
Federal Funds	-	-	-	-	(8,912)	-
All Funds	-	-	-	-	(76,572)	-
SERVICES & SUPPLIES						
General Fund	-	-	-	-	(568)	-
110 IMPLEMENT PHASE 1 OF OR CLEAN FUELS PRC						
PERSONAL SERVICES						

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	-	-	-	231,997	231,077	-
SERVICES & SUPPLIES						
Other Funds	-	-	-	198,922	198,922	-
AUTHORIZED POSITIONS	-	-	-	2	2	-
AUTHORIZED FTE	-	-	-	1.32	1.32	-
111 MAINTAIN AN EFFECTIVE ACDP PERMIT PROGR						
PERSONAL SERVICES						
Other Funds	-	-	-	714,023	710,920	-
SERVICES & SUPPLIES						
Other Funds	-	-	-	99,751	99,751	-
AUTHORIZED POSITIONS	-	-	-	3	3	-
AUTHORIZED FTE	-	-	-	3.67	3.67	-
TOTAL LIMITED BUDGET (Policy Packages)						
General Fund	-	-	-	-	(35,362)	-
Other Funds	-	-	-	(93,009)	(371,151)	-
Federal Funds	-	-	-	(14,858)	(43,379)	-
All Funds	-	-	-	(107,867)	(449,892)	-
AUTHORIZED POSITIONS	-	-	-	(1)	(1)	-
AUTHORIZED FTE	-	-	-	(1.68)	(1.68)	-
TOTAL LIMITED BUDGET (Including Packages)						
General Fund	7,049,456	5,279,047	5,279,047	5,694,223	5,641,585	-

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	31,824,121	40,029,534	40,029,534	43,234,158	42,828,214	-
Federal Funds	7,961,247	7,247,963	7,247,963	7,521,901	7,474,922	-
All Funds	46,834,824	52,556,544	52,556,544	56,450,282	55,944,721	-
AUTHORIZED POSITIONS	247	227	227	223	223	-
AUTHORIZED FTE	237.35	222.75	222.75	221.59	221.59	-
OPERATING BUDGET						
General Fund	7,049,456	5,279,047	5,279,047	5,694,223	5,641,585	-
Other Funds	31,824,121	40,029,534	40,029,534	43,234,158	42,828,214	-
Federal Funds	7,961,247	7,247,963	7,247,963	7,521,901	7,474,922	-
All Funds	46,834,824	52,556,544	52,556,544	56,450,282	55,944,721	-
AUTHORIZED POSITIONS	247	227	227	223	223	-
AUTHORIZED FTE	237.35	222.75	222.75	221.59	221.59	-
TOTAL BUDGET						
General Fund	7,049,456	5,279,047	5,279,047	5,694,223	5,641,585	-
Other Funds	31,824,121	40,029,534	40,029,534	43,234,158	42,828,214	-
Federal Funds	7,961,247	7,247,963	7,247,963	7,521,901	7,474,922	-
All Funds	46,834,824	52,556,544	52,556,544	56,450,282	55,944,721	-
AUTHORIZED POSITIONS	247	227	227	223	223	-
AUTHORIZED FTE	237.35	222.75	222.75	221.59	221.59	-