



April 2, 2015

Senator Richard Devlin, Co-chair
Representative Dan Rayfield, Co - chair
Joint Ways & Means Committee on Natural Resources
State Capitol - 900 Court St. NE
Salem, OR 97301

Submitted by e-mail to: WaysandMeans.NaturalResourcesSub@state.or.us

Re: Oregon DEQ budget

Senator Devlin, Representative Rayfield, and Members of the Subcommittee:

The Oregon Association of Clean Water Agencies (ACWA) is a private, not-for-profit professional organization of Oregon's wastewater treatment and stormwater management agencies, along with associated professionals. Our 120+ statewide members range in size from Riddle to Portland. Our members are dedicated to protecting and enhancing Oregon's water quality in a sustainable manner. Our members provide wastewater treatment and stormwater management services to 2.4 million Oregonians and serve 62% of Oregon's homes and businesses.

Oregon's Water Quality Goals - A Shared Responsibility

Local governments, operating wastewater treatment plants and managing urban stormwater in Oregon, see DEQ as a partner in protecting and enhancing Oregon's water quality. Our members are the 'on the ground' government employees operating treatment plants, regulating industries discharging into our collection systems, managing our biosolids in partnership with Oregon ranchers and farmers, and designing systems to manage stormwater as a resource, not a waste product.

It is in our interest for DEQ to be a strong regulatory partner. Up-to-date water quality permits are an important outcome of DEQ's water quality program. Permits that are expired cannot be changed or updated until renewed, reducing innovation and use of new technologies at wastewater treatment plants. We rely on DEQ for inspections of Oregon's wastewater treatment

plants to ensure first-class operation, and to routinely review reports and other information as a regulatory agency and provide timely feedback to our facility managers.

Meeting these performance goals is a shared responsibility of the permitted facilities and all Oregonians.

Our members are concerned about the Department's poor performance in the Water Quality Program. In 2001, Oregon had one of the highest backlog rates in the nation for processing/renewing major NPDES individual permits. ACWA and other stakeholders committed to improving Oregon's water quality convened as a Blue Ribbon Committee, under the DEQ's leadership. The committee completed recommendations for improving the permitting program in 2004 and issued a report, *Blue Ribbon Committee Report on Key Enhancements to the Oregon Wastewater Permitting Program*¹.

In 2005, Senate Bill 45 was passed by the Legislature, instituting the funding and program improvements recommended by the Blue Ribbon Committee. This report included a number of key DEQ activities, and an agreement by permit fee holders that up to a 3% annual fee increase could be instituted to assist DEQ in meeting its water quality permitting obligations.

A key aspect of the funding agreement included in SB 45 in the 2005 Session was a water quality program funding agreement that the program would be funded by 60% fees and 40% general fund.

While water quality permit fees have routinely increased in the past 10 years, DEQ has been unable to meet agreed-to outcomes in areas such as percentage of water quality permits that are current, review of routine monthly reports, and facility inspections. DEQ's permit backlog is again one of the highest in the nation.

The routine nature of this water quality permitting crisis calls out for additional outside attention, and we commend DEQ Director Pedersen for his suggestion that the Department will seek such a review.

Incorporating increased Legislative oversight of the DEQ water quality program may assist DEQ in evaluating and improving its water quality program.

Important Fiscal Considerations

Fees impact local governments, our ratepayers, and the industries that discharge to us. Any increased DEQ fees will result in reduced services to our community or increased sewer and stormwater rates.

The agreement in the Blue Ribbon Report and SB 45 of the 2005 Session of a funding mix of 60% program fees and 40% general fund should be restored.

¹ See <http://www.deq.state.or.us/WQ/wqpermit/brcreports.htm>
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Fee Increases

We agree with the DEQ position that if the Legislature authorizes increased water quality program fees for the 2015-2-17 biennium, that the DEQ's routine 3% fee increases should be held in abeyance (see attached letter from DEQ Director Pedersen).

Policy Option Packages

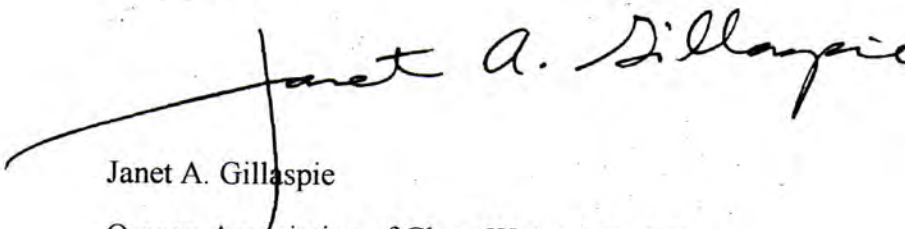
Our organizations support these Policy Option Packages included in the DEQ budget:

- Package #121 – Water Quality Assessment
- Package #126 – Reducing Nonpoint Source Pollution
- Package #128 – Quantifying Conservation Outcomes
- Package #136 – Continue Ballast Water Inspection/Enforcement
- Package #181/191 – Clean Water State Revolving Fund

Summary

ACWA, the League of Oregon Cities and the Special Districts Association of Oregon look forward to our continued partnership with Oregon DEQ to examine and improve the water quality permitting program to benefit Oregon's rivers and streams.

Sincerely,



Janet A. Gillaspie

Oregon Association of Clean Water Agencies

Tracy Rutten

Tracy Rutten

League of Oregon Cities



Mark Landauer

Special Districts Association of Oregon

Attachment – Pedersen fee letter, 3/18/15



Oregon

Kate Brown, Governor

Department of Environmental Quality

Agency Headquarters
811 SW Sixth Avenue
Portland, OR 97204-1390
(503) 229-5696
FAX (503) 229-6124
TTY 711

March 18, 2015

To: Members of the Blue Ribbon Committee on Wastewater Permitting

Re: DEQ's proposed permit fee increase and improving Oregon's water quality permitting system

This letter is to inform you of how DEQ will pursue funding to operate the wastewater permitting program in the 2015-2017 biennium.

As you know, the Governor's Recommended Budget includes a request for additional general fund and a 12 percent increase in water quality permit fees to restore 6.0 FTE in DEQ's water quality permitting program and fund the replacement of a critical data management system. This combination of general fund and fee revenue will restore the wastewater permitting program to the 60/40 split between fees and public funds.

If this request is approved in full by the legislature, DEQ will suspend its legislatively authorized up-to-3 percent fee increase rulemakings for 2015 and 2016.

If the request is not approved or not fully funded, DEQ will revisit its funding strategy and may need to consider using the up-to-3 percent fee increase mechanism.

If you have any additional questions about these matters, please don't hesitate to contact me.

Thank you again for your participation on the Blue Ribbon Committee and interest in DEQ's mission to protect water quality. It is my hope you will continue to support our efforts to maintain and improve DEQ's water quality permitting program.

Sincerely,

Dick Pedersen
Director