

Co-chair Devlin, Co-chair Rayfield, members of the Committee, thank you for the opportunity to testify before you today regarding HB 5018. We will submit written comments following the hearing.

My name is Mark Yeager, I am the USM for the City of Albany, and I am testifying on behalf of the Oregon Association of Clean Water Agencies, a private, not-for-profit, professional organization of Oregon's wastewater treatment and stormwater management agencies. Our members provide services to 2.4 million Oregonians and serve 62% of Oregon's homes and businesses.

HB 5018, the governor's recommended budget for DEQ, contains a 12% fee increase for water quality permit holders to avoid the loss of 6 FTE in the DEQ wastewater permitting program (POP #123).

Because of the history of poor performance in the water quality permitting program, we are taking a neutral position on the proposed fee increase.

We are in a difficult position here. We have had a long standing, collaborative relationship with DEQ to protect and enhance Oregon's water quality. We want to continue to work with the Department to improve the water quality program, the continued partnership is important to local governments. We recognize that reduced funding and loss of permitting positions cannot possibly help improve the program.

A strong DEQ, one that issues quality permits in a timely manner, provides facility inspections to ensure first class operations, and reviews discharge monitoring reports regularly is critical to our mission. These services would benefit the environment, local government and all Oregonians. We need to have current permits to reflect current operations and to allow innovation and use of new technologies at our facilities.

Efforts to improve the WQ permitting program began in 2001 when the permit backlog was one of the highest in the nation. Since then, multiple efforts to re-tool

the program have not resulted in consistent performance improvements. In 2004, the Blue Ribbon Committee of industry, government and environmental representatives developed a comprehensive set of detailed recommendations for program improvements. In 2005 we supported SB 45 allowing the Department to implement 3% annual fee increases without Legislative action to help stabilize program funding. However, once again, the permitting program has one of the highest backlogs in the nation with 80% of the permits for our largest facilities being expired and administratively extended.

We acknowledge that the permitting environment has become more complex, but the current status of the program does not reflect well on permittees or the Department, and it does not help improve Oregon's water quality. A path forward to sustainable performance must be found.

We acknowledge and support the Director's proposal to include a Legislative budget note related to an outside consultant review of the permitting program.

With regard to the proposed fee increase, getting the program back on track and meeting the performance objectives is a shared responsibility of the permitted facilities and all Oregonians. The 2004 Blue Ribbon Committee funding split recommendation of 60% fees and 40% General Fund was the basis behind the program funding agreement embedded in SB 45 (annual 3% fee increases). Should the Committee support the 12% fee increase, we urge that funding mix be maintained going forward.

We appreciate the Department's sincere commitment to making WQ permitting program improvements and look forward to working with the Department in this effort.

Again, thank you for the opportunity to testify and I am available to answer your questions.