

**MINUTES**  
**ENVIRONMENTAL QUALITY BOARD**  
**November 16, 2004**  
**Miami Civic Center**  
**129 Fifth Street Northwest**  
**Miami, Oklahoma**

APPROVED  
 March 4, 2005

**Notice of Public Meeting** The Environmental Quality Board convened for a regular meeting at 9:30 a.m. November 16, 2004 at the Miami Civic Center, Miami, Oklahoma. This meeting was held in accordance with 25 O.S. Sections 301-314, with notice of the meeting given to the Secretary of State on October 13, 2003. The agenda was mailed to interested parties on November 2, 2004 and was posted on November 12, 2004 at the meeting facility and at the Department of Environmental Quality. Mr. Steve Mason, Vice-Chair, called the meeting to order. Mr. Mason recognized Representative Larry Roberts and Miami City Manager Michael Spurgeon. Roll call was taken and a quorum was confirmed.

**MEMBERS PRESENT**

Brita Cantrell  
 Tony Dark  
 Bob Drake  
 Jennifer Galvin  
 Jerry Johnston  
 Steve Mason  
 Sandra Rose

**MEMBERS ABSENT**

Mike Cassidy  
 Jack Coffman  
 Ken Purdy  
 Terri Savage  
 Richard Wuerflein  
 Vacancy

**DEQ STAFF PRESENT**

Steve Thompson, Executive Director  
 Craig Kennamer, Deputy Director  
 Jimmy Givens, General Counsel  
 Wendy Caperton, Executive Director's Office  
 Eddie Terrill, Air Quality Division  
 Scott Thompson, Land Protection Division  
 Gary Collins, Env. Complaints & Local Services  
 Jon Craig, Water Quality Division  
 Ellen Bussert, Administrative Services Division  
 Jamie Fannin, Administrative Services Division  
 Myrna Bruce, Secretary, Board & Councils

**OTHERS PRESENT**

Susan Krug, Assistant Attorney General

**The Attendance Sheet is attached as an official part of these Minutes.**

**Approval of Minutes** Mr. Mason called for motion to approve the Minutes of the August 24, 2004 Regular Meeting. Mr. Drake made the motion and Mr. Johnson made the second.

**Roll call.**

Brita Cantrell	Yes	Jerry Johnston	Yes
Tony Dark	Yes	Sandra Rose	Yes
Bob Drake	Yes	Steve Mason	Yes
Jennifer Galvin	Yes		<b>Motion carried.</b>

**Consideration of and Action on the Environmental Quality Report** Mr. Mason called upon Mr. Craig Kennamer, DEQ Deputy Director. Mr. Kennamer set forth the components of the legislative recommendations within the Environmental Quality Report. He and Mr. Steve Thompson fielded questions and comments from the Board. Public comments on the air quality methods to address mobile source contribution to air pollution were entered into the record by Mr. Jim East, Vanguard Car Rental USA; Bill Walker, Dollar Thrifty Automotive, Inc.; Mike James, Enterprise Rent-A-Car; and David

Branecky, OGE. Following discussion, Mr. Drake made the motion to accept the proposal as presented. Mr. Dark made the second to the motion. Mr. Mason thanked industry and the rental car companies for their input.

<b>Roll call.</b>			
Brita Cantrell	Yes	Jerry Johnston	Yes
Tony Dark	Yes	Sandra Rose	Yes
Bob Drake	Yes	Steve Mason	Yes
Jennifer Galvin	Yes		<b>Motion carried.</b>

**New Business** None

**Executive Director's Report** Mr. Steve Thompson announced that he would be serving as the ECOS President for the upcoming year and that he had upcoming meetings with EPA and would be speaking at the National Environmental Summit in D.C. Mr. Thompson provided an update on issues related to treatment of states for tribes. He also distributed the Oklahoma Environmental Quality Fiscal Year 2004 Annual Report.

At 11:10 a.m., Mr. Mason called for adjournment announcing the Public Forum to follow. Following a forum presentation by Mr. Scott Thompson, Land Protection Division Director, a tour of the Tar Creek Superfund site was offered.

**Transcript and sign-in sheet are attached as an official part of these Minutes.**

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DEPARTMENT OF ENVIRONMENTAL QUALITY

STATE OF OKLAHOMA

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TRANSCRIPT OF PROCEEDINGS

OF REGULAR MEETING

OF THE ENVIRONMENTAL QUALITY BOARD

HELD ON NOVEMBER 16, 2004, AT 9:30 A.M.

IN MIAMI, OKLAHOMA

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REPORTED BY: Christy A. Myers, CSR

MYERS REPORTING SERVICE  
(405) 721-2882

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MEMBERS OF THE COUNCIL

BRITA CANTRELL - MEMBER  
MIKE CASSIDY - MEMBER  
JACK COFFMAN - MEMBER  
TONY DARK - MEMBER  
BOB DRAKE - MEMBER  
JENNIFER GALVIN - MEMBER  
JERRY JOHNSTON - MEMBER  
STEVE MASON - VICE-CHAIR  
KEN PURDY - MEMBER  
SANDRA ROSE - MEMBER  
TERRI SAVAGE - MEMBER  
RICHARD WUERFLEIN - CHAIR

STAFF MEMBERS

MYRNA BRUCE - SECRETARY  
STEVE THOMPSON - DEQ  
CRAIG KENNAMER - DEQ  
WENDY CAPERTON - DEQ  
EDDIE TERRILL - DEQ  
GARY COLLINS - DEQ  
JON CRAIG - DEQ  
SCOTT THOMPSON - DEQ  
JAMI FANNIN - DEQ

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PROCEEDINGS

MR. MASON: This regular meeting of the Environmental Quality Board has been called according to the Oklahoma Open Meeting Act, Section 311 of Title 25 of the Oklahoma Statutes.

Notice was filed with the Secretary of State on November 13, 2003. Agendas were mailed to interested parties on November 4, 2004. The agenda for this meeting was posted on Friday, November 12, 2004 at the Department of Environmental Quality, 707 North Robinson in Oklahoma City and here at the Miami Civic Center, 129 Fifth Street Northwest, Miami, Oklahoma.

Only matters appearing on the posted agenda may be considered. If this meeting is continued or reconvened, we must announce today the date, time and place of the continued meeting and the agenda for such continuation will remain the same as today's agenda.

MR. THOMPSON: For the local officials here, too -- excuse me, Mr.

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1 Chairman, for the local officials here,  
2 this Board does promulgate rules for Solid  
3 Waste Management, so.

4 MR. MASON: We have a lot of  
5 people that are hosting us today. We might  
6 take a moment to recognize them. We have  
7 Representative Roberts, who represents this  
8 district, who's done a lot of advocacy  
9 for how Tar Creek has been handled.  
10 Representative Roberts, would you like to  
11 say a few words?

12 REPRESENTATIVE ROBERTS: Thank  
13 you, Mr. Chairman. I just want you to know  
14 that's the sound of progress that you're  
15 hearing outside. We're very proud of our  
16 community and all of the events that occur  
17 here, notwithstanding this one. This is  
18 very important for us, also. I take this  
19 opportunity to welcome you to Miami, to  
20 Ottawa County, and I understand you're  
21 going to tour the superfund site later  
22 today. It's a pleasure for you to be here,  
23 especially today, because I have about two  
24 and a half hours left as the State  
25 Representative. My term is ending at noon

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1 today and all the new members are being  
2 sworn in at the State Capitol. It's been  
3 an exciting 21 years and I hope that we've  
4 done something right and made a difference  
5 in the way we live here in Northeastern  
6 Oklahoma. I would like to welcome all of  
7 you. I know this is the first time some of  
8 you perhaps have been here. We certainly  
9 want you to take the tour and enjoy  
10 yourselves while you're in our community.  
11 And again, we thank you for holding this  
12 meeting here in Ottawa County.

13 MR. MASON: Thank you,  
14 Representative Roberts. Michael Spurgeon  
15 is the City Manager of Miami. Would you  
16 mind introducing -- I think you have some  
17 council members here and such. Thanks for  
18 allowing us to be here.

19 MR. SPURGEON: Thank you, Mr.  
20 Chairman. Absolutely. We are also glad to  
21 have you here this morning and hope that  
22 you will enjoy your tour in Ottawa County  
23 and specifically Miami. We have today two  
24 members of the Miami City Council. First,  
25 we have Councilman Kit Catcher, who is from

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1 the Northeast Ward. And we also have Scott  
2 Tressler who is from the Northwest Ward.  
3 And on behalf of Scott and Mr. Ketcher,  
4 along with Mayor Brassfield and the other  
5 two members of the Council, I would like to  
6 welcome the Board for being here today.  
7 And also, just to thank you for the support  
8 and assistance that you've given my staff  
9 and the city on a number of projects that  
10 we've been working on, specifically, the  
11 lead remediation that we have been doing in  
12 the City of Miami. I believe that is going  
13 very well. And we're also looking at  
14 several other ventures that we're going to  
15 be working with in conjunction with the DEQ  
16 for projects here. We also have a Consent  
17 Order that we are trying to close out and  
18 you have been working with us on that and  
19 there is one item that we need to finalize  
20 and you've also been very helpful, your  
21 staff specifically, in making sure that we  
22 continue to move forward and meet your  
23 obligations, as well as the challenges we  
24 had. So once again, thank you for your  
25 support and we hope you enjoy your day

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1 here.

2 MR. MASON: Thank you, sir. All  
3 right. Myrna, let's see if we have a  
4 quorum.

5 MS. BRUCE: Ms. Cantrell.

6 MS. CANTRELL: Here.

7 MS. BRUCE: Mr. Cassidy is  
8 absent. Mr. Coffman is absent. Mr. Dark.

9 MR. DARK: Here.

10 MS. BRUCE: Mr. Drake.

11 MR. DRAKE: Here.

12 MS. BRUCE: Ms. Galvin.

13 MS. GALVIN: Here.

14 MS. BRUCE: Mr. Johnston.

15 MR. JOHNSTON: Here.

16 MS. BRUCE: Mr. Mason.

17 MR. MASON: Here.

18 MS. BRUCE: Mr. Purdy is absent.

19 Ms. Rose.

20 MS. ROSE: Here.

21 MS. BRUCE: Ms. Savage is absent

22 and so is Mr. Wuerflein, but we do have a

23 quorum.

24 MR. MASON: Thank you. Before  
25 us, we want to look now at approving our

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1 Minutes of the August 24th meeting.

2 MR. DRAKE: Motion to approve, I  
3 so make.

4 MR. MASON: Thank you.

5 MR. JOHNSTON: Second.

6 MR. MASON: We have a motion to  
7 approve and a second. Is there any  
8 discussion? Can we have a roll call vote,  
9 please.

10 MS. BRUCE: Ms. Cantrell.

11 MS. CANTRELL: Yes.

12 MS. BRUCE: Mr. Dark.

13 MR. DARK: Yes.

14 MS. BRUCE: Mr. Drake.

15 MR. DRAKE: Yes.

16 MS. BRUCE: Ms. Galvin.

17 MS. GALVIN: Yes.

18 MS. BRUCE: Mr. Johnston.

19 MR. JOHNSTON: Yes.

20 MS. BRUCE: Ms. Rose.

21 MS. ROSE: Yes.

22 MS. BRUCE: Mr. Mason.

23 MR. MASON: Yes. The next item  
24 on our agenda is Consideration of the  
25 Environmental Quality Report. I think

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1 Craig Kennamer is going to do the  
2 presentation.

3 MR. KENNAMER: Thank you, Mr.  
4 Chairman. Good morning, Board. I'm here  
5 to present the Environmental Quality Report  
6 and seek approval of that report. There  
7 are three parts to the Environmental  
8 Quality Report. And I hope you can hear  
9 me, the mike's not quite tall enough for  
10 me.

11 The first part was the budget part.  
12 And we had -- we came to you in August and  
13 sought approval of that and you approved  
14 our budget. So I will not go over that  
15 part again. But if there's any questions,  
16 I would like to pause right now and see if  
17 you have any questions on the budget that  
18 you may want to present to this forum.

19 MR. MASON: So for everyone  
20 that's following this, there's an  
21 Environmental Quality Report, which I think  
22 is on the table up front when you checked  
23 in and he's going over it. So are there  
24 any questions about the first six pages  
25 that we talked about at the last meeting?

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1                   MR. THOMPSON:    If I could just --  
2    Mr. Chairman, I think it's important, what  
3    we did, we did bring the budget request  
4    forward to you last time for approval,  
5    which was accomplished.    At this meeting,  
6    we bring our legislative recommendations.  
7    That's really the centerpiece of the report  
8    that you're looking at today.    At least on  
9    a couple of the legislative recommendations  
10   that we have, I think it's important that  
11   you recognize the connection between our  
12   budget request, which really has to do, to  
13   a significant extent, with air quality  
14   issues and with public drinking -- public  
15   water supply issues and our legislation.  
16   Because there is a clear connection between  
17   the two.    We try to take multi-pronged  
18   approaches to funding for the Agency.    So  
19   there is -- that's represented by both the  
20   budget request and our legislative request.

21                   MR. KENNAMER:    Well, it appears  
22    there's no questions, so I will continue  
23    with my presentation.    There is one mandate  
24    that we continue to be faced with and that  
25    impacts all the communities in Oklahoma who

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1 supply water. It also impacts some  
2 businesses who supply water. And those are  
3 -- the mandate is the federal disinfection  
4 by-product rules. And those rules have  
5 been phased in since 2002 and continue to  
6 be phased in through 2006. So each year,  
7 up until 2006, we'll be faced with costs,  
8 pretty significant costs, and efforts by  
9 both the state communities, and businesses  
10 who supply public water or have public  
11 water supplies. So we wanted to make sure  
12 that everybody was informed about this  
13 mandate and this ongoing burden to our  
14 state and our communities. I'm going to  
15 pause again at this time for any comments  
16 or questions on the federal mandate. And  
17 it is in the second portion of this handout  
18 that Steve Mason, our Chairman, talked  
19 about.

20 MR. MASON: So you're on page 7  
21 now?

22 MR. KENNAMER: I'm now on page 7.

23 MR. MASON: Okay.

24 MR. KENNAMER: Okay. Seeing no  
25 questions or comments on that, I will move

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1 to our proposed legislation. Now, this is  
2 the third part of our Environmental Quality  
3 Report, which we're seeking approval of  
4 today. Basically, we have four legislative  
5 proposals and then there are two additional  
6 legislative -- two additional pieces of  
7 legislation that you have an interest in  
8 and we want to make you aware of them  
9 today.

10 I'm going to present each piece of  
11 legislation and then I'll pause in between  
12 for questions and comments, because I am  
13 pretty certain the first one will receive a  
14 number of questions, if not comments, on  
15 it. So we'll give enough time for everyone  
16 to present questions and comments.

17 The first one is the air quality  
18 legislation and it has -- it's a  
19 legislation that deals with or its methods  
20 to address mobile source contribution to  
21 air pollution. To give you a background,  
22 mobile sources represent about 35 percent  
23 of air pollutants. They -- in Oklahoma  
24 City and Tulsa, they're estimated to be  
25 about anywhere from a half to two-thirds of

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1 our ozone emissions. Currently, the only  
2 entities that are paying fees for managing  
3 the air quality program, for dealing with  
4 air toxics and ozone emissions for the  
5 permitting and for the other efforts.  
6 Modeling, air studies, those kinds of  
7 things are the stationary sources. The  
8 mobile sources pay no fees. So this  
9 legislation is to provide equitable funding  
10 by having a fee system for mobile sources.  
11 It limits the increases to businesses and  
12 industries who are currently overburdened  
13 or at least paying their fair share of the  
14 cost of running the air program and meeting  
15 the federal requirements. It also helps us  
16 meet all the planning and monitoring goals  
17 for air toxic and ozone studies. It keeps  
18 us off the nonattainment list and I guess  
19 most importantly, it helps us develop a  
20 statewide toxic program, so that we don't  
21 have numerous small programs funded by EPA.  
22 What we're proposing today is a dollar per  
23 rental vehicle per day.

24           And to give you a little background  
25 of what we've tried to do in the past to

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1 raise money, we've tried to raise money for  
2 the last five years through appropriated  
3 dollars, through general revenue dollars.  
4 We have yet to be successful on that. And  
5 then most recently in the last year, we  
6 went out with a license tag fee of one  
7 dollar and we were unsuccessful with that  
8 attempt. This dollar per rental car per  
9 day we estimate will raise between 1.5  
10 million and 1.75 million. It is -- now  
11 this is just an estimate, because we were  
12 unable to get the Tax Commission to give us  
13 real dollars. But we believe this is a  
14 fairly accurate number. We have an  
15 underfunding of about \$850,000 and the  
16 remainder of that money that this would  
17 generate would go towards that state toxic  
18 program. I'm going to pause at this time,  
19 because that's kind of an overview of the  
20 legislation and allow for comments and  
21 questions from the Board and turn it over  
22 to Steve Mason.

23 MR. THOMPSON: Relative to this  
24 issue and my comments earlier, we are also  
25 asking for general revenue funds to address

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1 the equity issue. So we will -- we have  
2 already submitted the budget request that  
3 you all approved last time. That included  
4 a figure of about \$833,000 for the air  
5 program as a general revenue item. We will  
6 work hard to try to get approval of that  
7 budget, but as Craig has told you, for the  
8 last four years you've approved a budget  
9 item for that and we've been unsuccessful  
10 in getting the general revenue  
11 appropriation for it.

12 I'll only take half the blame for  
13 that, Mark Coleman was here two years and  
14 we were unable to do it and I've been here  
15 two years now and the same is true. So --  
16 but we continue to believe that there  
17 should be some mobile source contribution  
18 and after a number of attempts to do -- for  
19 a general revenue contribution, we finally  
20 determined that we should go forward with  
21 this or make this recommendation, at least,  
22 to you.

23 MR. MASON: Thank you. Questions  
24 from the Board?

25 MR. DARK: This recommendation

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1 for revenue from the state, is that in  
2 concert with the dollar per vehicle, or  
3 would that -- if they did, in fact, pass  
4 that, would that give some relief to what  
5 we may impose to the private sector?

6 MR. THOMPSON: It would. And if  
7 we were -- our strategy is to run them  
8 concurrently. And as -- if we get the  
9 sense that one is going -- if the general  
10 revenue is going to be successful in our  
11 discussions with our appropriations  
12 chairman and with those folks, then we  
13 would probably drop the other. On the  
14 other hand, if we felt like the general  
15 revenue appropriation was not going to be  
16 successful, we would continue to pursue the  
17 other. So it's an either/or kind of a  
18 thing.

19 MR. DARK: Well, in that vein  
20 then, would it not make sense, I mean, it's  
21 not done until it's voted on, that we could  
22 -- we could run the appropriations request  
23 ahead of the dollar per vehicle?

24 MR. THOMPSON: We could.

25 MR. DARK: Would that make sense?

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1                   MR. THOMPSON:    Sure.    Sure.    We  
2   will try -- we will work with the authors  
3   to schedule it in such a way that we can  
4   read what's happening in the appropriations  
5   process prior to introduction.    Now,  
6   there's deadlines --

7                   MR. DARK:     Sure.

8                   MR. THOMPSON:   -- that we have to  
9   be aware of.    And so we'll have to work  
10  within the legislative deadlines, but we'll  
11  certainly try to do that.

12                  MS. ROSE:     I'm curious as to what  
13  the Legislature's rationale was for not  
14  approving this.

15                  MR. THOMPSON:   Well --

16                  MS. ROSE:     Is that a difficult  
17  question?

18                  MR. THOMPSON:   -- no, it's a  
19  pretty easy question, actually.    I would  
20  suggest to you that -- I don't want to  
21  shoot myself in the foot here.    But there  
22  are competing -- there's a lot of competing  
23  needs out there in state government and --

24                  MS. ROSE:     I understand.

25                  MR. THOMPSON:   -- and it is --

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1 the other thing is, it's pretty difficult -  
2 - a lot of those competing needs are  
3 crisis-based. We've got a pretty good --  
4 we are in pretty good shape in the air  
5 program. What we're trying to do here is  
6 move beyond what we're doing, particularly  
7 relative to toxics and to build the staff  
8 capacity to keep us in attainment. So  
9 we're being -- we're trying to be, quite  
10 frankly, proactive in making sure that air  
11 quality in the state stays as good as it is  
12 and improves. So the natural competition  
13 for funds, one. And two, the fact that we  
14 are, quite frankly, not in as great a  
15 crisis as some other places are relative to  
16 air quality probably -- probably causes us  
17 some problems.

18 MR. DARK: So it would be safe to  
19 say that the strength of our lobby is  
20 somewhat less than others?

21 MR. THOMPSON: That would be very  
22 safe to say.

23 MS. ROSE: Thank you.

24 MR. MASON: Craig, why are the  
25 mobile sources so much higher in Oklahoma

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1 City than Tulsa?

2 MR. KENNAMER: Well, because the  
3 -- why are the mobile sources higher in  
4 Oklahoma City.

5 MR. MASON: 66 to 43 percent.

6 MR. KENNAMER: I'm not sure.  
7 I'll have to defer to Eddie Terrill.

8 MR. TERRILL: I assume it's based  
9 on vehicle miles traveled. We get those  
10 numbers from the INCOG in Tulsa and ACOG in  
11 Oklahoma City, and I'm almost positive that  
12 it's based on the vehicle miles traveled.  
13 We just have more traffic in a larger area,  
14 it's a larger area in Oklahoma than there  
15 in Tulsa -- in Tulsa there's a lot of  
16 traffic, but there's not that many -- it's  
17 a pretty compact city compared to Oklahoma  
18 City, so when you look at it over the  
19 overall geographic area, Oklahoma City,  
20 that's the reason it's a greater  
21 percentage.

22 MR. MASON: Does ACOG not look at  
23 the entire county, of Oklahoma County?

24 MR. TERRILL: Well, yeah, but  
25 we've also got other stationary sources

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1 that contribute in Tulsa that we don't have  
2 in Oklahoma City, too, that's another  
3 reason. So it's a percentage of  
4 stationary sources versus the mobile  
5 sources.

6 MR. THOMPSON: I would suggest,  
7 if I could, Mr. Chairman, that the  
8 industrial base in Tulsa is just larger.  
9 And when you combine that with the vehicle  
10 miles traveled, the size of Oklahoma -- the  
11 geographic size of Oklahoma City, that's  
12 probably the reason for the difference.

13 MR. MASON: Other Board comments?  
14 I think we're ready for comments from the  
15 public and if you might step to the podium,  
16 please, and introduce yourself.

17 MR. EAST: Good morning. I'm Jim  
18 East, I'm the Vice-President of Government  
19 Affairs for Vanguard Car Rental USA. I  
20 know that there are others here to speak on  
21 the dollar fee, including Dollar Thrifty,  
22 which is also based in Tulsa, and  
23 Enterprise. And I'm speaking, as well, for  
24 Hertz and Avis, both of which have large  
25 presence in Oklahoma and employ a large

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1 amount of people.

2           First, I wanted to extend  
3 appreciation to both Steve and Eddie. They  
4 met with me last week concerning this  
5 issue. Much of the information that I will  
6 speak to today came from that, as well as  
7 to try and provide some additional  
8 information to the Board, as you all focus  
9 on this issue.

10           Vanguard is a relatively new  
11 company. We've been in existence a little  
12 over a year ago we purchased the assets of  
13 Alamo National and we are in the process of  
14 moving our headquarters from Fort  
15 Lauderdale, Florida, to Tulsa, Oklahoma.  
16 The -- we were recruited extensively by the  
17 State of Oklahoma to move here and we are  
18 in the process currently of hiring people  
19 to headquarter in Tulsa.

20           The car rental industry, as you may  
21 or may not know, like many industries,  
22 including my brethren, at least two of them  
23 behind me from PSO and AEP, the stationary  
24 sources, are taxed just like most other  
25 entities, state sales tax, four and a half

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1 percent. In addition, the car rental  
2 industry is taxed an additional six percent  
3 by the State of Oklahoma. So in effect, we  
4 are now putting into the state general  
5 fund, the fund that you all are talking  
6 about asking for \$835,000 from, we're  
7 sending in roughly 10.5 percent. I think  
8 that's probably a little bit more than the  
9 industries and companies that you represent  
10 that are here on this Board. I think it's  
11 also -- go ahead, Tony.

12 MR. DARK: What does that relate  
13 to in dollars, that 10.5 percent, any  
14 estimate?

15 MR. EAST: Again, we have not  
16 called the Tax Commission to provide that.  
17 That information is available to the DEQ  
18 Board, just as all the others from the Tax  
19 Commission, but I don't know the exact  
20 amount. We rent a substantial amount of  
21 cars in Tulsa and Oklahoma City and  
22 Enterprise does throughout the State of  
23 Oklahoma. Again, I think I probably would  
24 rather have the Tax Commission do that. As  
25 you could imagine, as a large corporation,

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1 we are prohibited from talking about our  
2 financial information among the car rental  
3 companies.

4 MR. DARK: Sure.

5 MR. EAST: And so we don't really  
6 know what the others do, except for that  
7 information that's provided through the  
8 state. I think it's also important while -  
9 - to note that while it was nice to point  
10 out the things that DEQ is trying to do  
11 aggressively, this is not a mandated  
12 program, this toxics program. It is  
13 something trying to ensure that we're not -  
14 - we don't go into attainment, but it is  
15 not a mandated program like some of the  
16 others we talked about having to do with  
17 water quality.

18 I think the other point that I would  
19 make about the car rental industry, we are  
20 exactly the type of cars that you want on  
21 the road. At Vanguard, we turn our cars  
22 over every year and our cars are some of  
23 the best maintained, because that is the  
24 nature of our business. I think that Eddie  
25 and Steve would tell you that if they could

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1 ensure that all the mobile sources in the  
2 State of Oklahoma were only one year old,  
3 that it would have a substantial impact on  
4 mobile source emissions. So in effect,  
5 this issue is going to penalize the  
6 industry that is probably -- should be held  
7 up as a model citizen.

8           The fees on stationary sources, I  
9 understand, were last charged or increased  
10 in 2001. And ODEQ had told us that they're  
11 generally among the lowest in the  
12 surrounding states. That's important, I  
13 think, to note for this discussion because  
14 the fee that is being suggested here, a  
15 dollar, and if we use the figures that ODEQ  
16 is using, between 1.5 and 1.75, raised from  
17 the car rental industry, you're going to  
18 end up with a substantial balance left over  
19 up against the \$835,000 that you have  
20 requested from the state. Again, my  
21 understanding from our conversations is,  
22 that balance somewhere between \$600,000 and  
23 \$900,000 dollars would be used or be  
24 proposed to the ODEQ to reduce the  
25 stationary source cost. I'm sure that this

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1 Board and I'm sure that the state does not  
2 want to get into the business of pitting  
3 one industry against another in Oklahoma.  
4 I am sure that all of us are interested in  
5 attracting additional growth and businesses  
6 and not pitting, whether it be the major  
7 utilities, against the car rental industry,  
8 that has a substantial impact in this  
9 state.

10 I think that probably the most  
11 troubling thing that -- about this to all  
12 of us is that we feel we are being singled  
13 out. I recognize the political  
14 difficulties to passing a tax on mobile  
15 sources. We have fought those issues in  
16 many, many states around the country,  
17 California, New Jersey, et cetera. And to  
18 say that they have been controversial is  
19 the understatement. I mean, in effect, it  
20 was a big issue in the recall of Governor  
21 Davies in California and the election of  
22 Governor Swartzeneger. At the same time,  
23 we understand that that happens  
24 occasionally in these states, with these  
25 broad based taxes. We do not face a tax

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1 like this in any other state. There is  
2 none. There are taxes specifically on car  
3 rental industry. For example, in Florida  
4 we have a two dollar or 2 percent surcharge  
5 on all car rentals. But that is used  
6 primarily to boost tourism. So in effect,  
7 they are leveraging that tax to generate  
8 economic development.

9           Last, I'd probably point out again,  
10 we were heavily recruited by the State of  
11 Oklahoma to move our corporate  
12 headquarters. I think that all of us know  
13 about the number of corporate headquarters  
14 that have left Oklahoma or gone out of  
15 business. We're hiring currently around --  
16 we'll be up to around 600 to 700 people in  
17 Tulsa. These are jobs, and I can say this  
18 as part of the state quality jobs program,  
19 that are making somewhere between \$55,000  
20 and \$60,000 dollars a year. The message  
21 was clear that they wanted us to be here.  
22 The message is clear to Dollar Thrifty that  
23 they want them to be here. The message is  
24 clear to Hertz and to Avis, who have very  
25 large call centers in Tulsa and Oklahoma

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1 City, that they want them here. What we  
2 are troubled by is an action that would  
3 focus solely on us. It definitely sends  
4 the wrong message to our industry and we  
5 would respectfully request that you remove  
6 from the report any recommendation for the  
7 one dollar fee increase. I stand ready to  
8 answer any questions. I've got a little  
9 handout that I would pass out. I know that  
10 my colleagues from Dollar Thrifty and  
11 Enterprise also would like to speak. So,  
12 Mr. Mason, however you would like to  
13 proceed.

14 MR. MASON: Are there any Board  
15 questions for Mr. East? Let me ask one  
16 question of you. A lot of this is kind of  
17 about equity and our difficulty of getting  
18 mobile source money. From an equity  
19 standpoint, what would you suggest we do as  
20 far as mobile sources helping pay for their  
21 impacts?

22 MR. EAST: I spend the majority  
23 of my time doing politics in Florida,  
24 California, New York, Hawaii and Texas. I  
25 don't spend much time in Oklahoma, because

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1 we don't rent that many cars here. We are  
2 a, in effect, a net giver to the state,  
3 rather than a taker, as it relates to our  
4 payroll and our use of various vendors.  
5 Speaking personally, not as the company, I  
6 think that the approach that Steve took in  
7 2004 on the tags is a much more equitable  
8 way, if the decision is made to fund this  
9 program by its -- the people that would  
10 benefit from it. We have roughly, I think,  
11 3 million automobiles in the state. I'm  
12 not sure why we wouldn't look at that.  
13 That is more typical of what we find in  
14 other states. But clearly, every state has  
15 different politics. And we are emerging on  
16 a new Legislature. I would imagine that  
17 DEQ will have new chairmen, both in the  
18 Senate and the House side that know nothing  
19 about DEQ, know nothing about your programs  
20 or what they have heard. But, you know,  
21 we're going to be in a learning curve with  
22 that Legislature. But I think that is  
23 really more a discussion for this body,  
24 rather for me to come up with a suggestion.  
25 But clearly, what we see in other states

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1 are broad-based issues, whether it's about  
2 tires, whether it's about batteries and air  
3 quality issues. There are a few airsheds  
4 in California that have specific programs  
5 but they are currently in nonattainment.

6 MR. DARK: In the states that you  
7 do deal with, I guess, New York, Florida,  
8 California and Texas, Hawaii, do those five  
9 states have surcharges to your industry?

10 MR. EAST: For?

11 MR. DARK: Or is it just Florida  
12 that has the 2 percent surcharge on  
13 tourism?

14 MR. EAST: No, there's surcharges  
15 all around the country as it relates to  
16 something specific, that is correct. That  
17 is correct.

18 MR. DARK: So they may have a  
19 surcharge dedicated to a specific issue,  
20 but it's not a surcharge that goes back  
21 into the general fund of the state and then  
22 --

23 MR. EAST: No, some of them are  
24 usually for a specific thing but there are  
25 not that many of them, Tony. There are a

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1 few. Most -- a lot of the states, unlike  
2 Oklahoma, tax services, you know, like  
3 engineering companies, you know. The --

4 MR. DARK: Well, that would be a  
5 bad idea.

6 MR. EAST: I'm sure there -- I'm  
7 sure there are at least two votes on this  
8 panel that wouldn't be for that. But, I  
9 mean, but there are a lot of places that do  
10 that. So, you know, the different types of  
11 --

12 MR. DARK: It actually wouldn't  
13 bother us at all we'd just pass it through.

14 MR. EAST: -- say what?

15 MR. DARK: I said it wouldn't  
16 bother us at all, we'd just pass it  
17 through.

18 MR. EAST: So I think that you  
19 see a lot of -- I think you see a lot of  
20 different taxes. I think it is rare for a  
21 state and a state agency to pick a specific  
22 industry and target it for something. The  
23 only time that -- where we see that more is  
24 not at the state level, we see it when  
25 we're asked to pay for arenas and stadiums

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1 and in that case, as recently in one area,  
2 we launch a rather large effort to stop it.  
3 But we see more of it on municipal than at  
4 a state level.

5 MR. DARK: Well, it seems that  
6 the last effort failed miserably, with  
7 regard to the tag issue. I think this is -  
8 - in staff's defense, a way to try to get  
9 this program rolling. And as you said, we  
10 all recognize there is going to be a  
11 learning curve, more importantly there is  
12 going to be a teaching curve by industry  
13 and the lobby for industry and the state  
14 agencies. And if there's some way that  
15 those groups can sing from the same cue,  
16 then there may be success for both parties.  
17 And I think it's important to try to find a  
18 win/win solution. There is a recognizable  
19 need.

20 MR. EAST: I don't think there is  
21 any doubt, and having worked with you on  
22 legislative matters previous, in previous  
23 lives, it's always better to have a broad  
24 coalition that is working on a specific  
25 issue. But what we have here right now,

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1 you're asking one industry to fight another  
2 industry. The stationary source people  
3 have a very, in my opinion, a legitimate  
4 issue about parity. But you are asking,  
5 this Board would be asking the car rental  
6 industry to go to battle with the other  
7 industries and I do not think that is what  
8 all of us have as our desire for this  
9 state, is industry versus industry.  
10 Because in that case, everybody loses.  
11 Thank you.

12 MR. MASON: Thank you, sir.

13 MR. THOMPSON: Jim, before you  
14 leave, there was a couple of things if I  
15 could Mr. Chairman that you said that I  
16 think we need to expand on a little bit and  
17 you may want to comment on it.

18 Relative to the cost of Title V fees  
19 in Oklahoma, it's not a bad deal. We're  
20 probably, what, Eddie, 45th in the country  
21 in the cost of Title V fees. But we won't  
22 stay there. We will not stay there because  
23 of the need -- the growing needs of the  
24 program. I mean, we -- this is, again, a  
25 three-pronged approach. We will -- we have

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1 asked to pursue this issue. We will  
2 aggressively pursue general revenue  
3 dollars. If neither of those works, we are  
4 left with no option other than to continue  
5 to raise Title V fees. So the issue of  
6 whether they stay that low or in the  
7 alternative, a toxics fee, by the very  
8 people that are currently paying the Title  
9 V fee. So -- and I can't tell you exactly  
10 where we would land after that happened,  
11 but it probably wouldn't be as low as we  
12 are now.

13           The second thing that I think Jim  
14 mentioned was that this is not a mandate,  
15 and that is certainly true in the  
16 traditional sense of a mandate, where there  
17 is a rule by which you have -- that you  
18 have to follow. What is happening, though,  
19 is that as toxics programs grow across the  
20 country and they are growing, they have a  
21 significant toxics program in Texas, they  
22 have a significant toxics program in  
23 Louisiana, all around us toxics programs  
24 are growing. And what EPA, quite frankly  
25 does, is offer the money for toxics

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1 programs to other entities. They offer it  
2 to municipalities and they offer it to  
3 tribes. And we think and we believe it's  
4 been our experience that the Board believes  
5 that on these kind -- on air quality  
6 issues, consistency across the state --  
7 it's very important, to have a consistent  
8 program across the state. So while it is  
9 not clearly in the sense of a traditional  
10 mandate, there are pressures that are being  
11 brought to bear that sort of dictate that  
12 we move forward with a toxics program.

13 MR. EAST: If I could just make  
14 one comment -- it is, those are both  
15 correct. I would just add one thing, is I  
16 think before you come to the car rental  
17 industry and ask us to impose a fee, is  
18 that you have that discussion with the  
19 COG's, as I noted to both Steve and Eddie  
20 when we met last week, is I knew that the  
21 legislative consortium in Tulsa has  
22 approved a measure to go to the state and  
23 ask for \$350,000 out of general fund money  
24 for their own program. I mean, you ask the  
25 very specific question about legislative,

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1 you know, approach. Or actually, it was  
2 Steve. I mean, the fact is that, again,  
3 going back to it, I mean the last thing you  
4 want to do when you meet your new chairman  
5 of whether it's the House or the Senate, is  
6 that they're going to ask that question.  
7 Why are there so many requests for the same  
8 basic programs. So it's kind of like, you  
9 know, my response back, Steve, on your  
10 issue is that to me, from a legislative  
11 approach and a policy approach, it's  
12 probably the imperative that the Board gets  
13 a cohesive coalition from the COG's and  
14 these other entities first. It may be the  
15 Board's decision to go from a state  
16 approach, but if they're getting mixed  
17 messages at the Legislature, nobody is  
18 going to get any funding.

19 MR. DARK: But what you're saying  
20 is that the COG in Tulsa is going after  
21 that money?

22 MR. EAST: Mr. Lasker advised me,  
23 because I called asking about what the  
24 status was and that they had approved an  
25 agreement as part of their legislative

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1 agenda. Now, as you know, nothing is set,  
2 as Representative Roberts, I mean, it's  
3 early, you know. I mean now is the time to  
4 be talking about legislative programs in  
5 December, not in January and February. But  
6 that is a -- from your all's perspective, a  
7 very mixed message that you're going to be  
8 giving the Legislature about your request.

9 MR. MASON: Thank you, Mr. East.

10 MR. EAST: Thank you.

11 MR. MASON: Eddie.

12 MR. TERRILL: Let me just clarify  
13 a few points that were brought up.

14 MR. MASON: This is Eddie Terrill  
15 who runs our air program.

16 MR. TERRILL: I'm sorry. Eddie  
17 Terrill, the Air Director. It's not  
18 exactly true that there's not a federal  
19 mandate for this toxics program. The MACT  
20 standards, the Maximum Achievable Control  
21 Technology standards that EPA puts out --  
22 promulgates -- puts a definite federal  
23 requirement as that's money directed toward  
24 the stationary sources, there's no doubt  
25 about that. But we've still got to have a

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1 way to fund that. They still have 18 MACT  
2 standards that they have not promulgated  
3 yet and I'm at the point where I'm going to  
4 have to make a decision whether or not  
5 we're going to accept delegation for those  
6 programs. If I don't have the resources to  
7 run those programs the way they need to be  
8 run, I'm just going to have to tell EPA  
9 we're not going to accept that delegation.  
10 Now, that's probably a year down the road  
11 because it takes a little while to get  
12 these things done, but they're under a  
13 court order to get these standards  
14 promulgated. So there is a federal mandate  
15 component to this. But the one thing that  
16 we're looking at improving is our local  
17 community-based toxics program and that's  
18 the program that Steve alluded to that  
19 Steve -- that EPA funds through grants.  
20 They are looking at implementing these  
21 things at a local level and they want  
22 either the state to look at them on a local  
23 level or the community to look at it and  
24 that's where the grant will be located and  
25 that's where we feel like consistency is

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1 needed.

2           Relative to the INCOG request for  
3 money, what they're asking for is \$300,000  
4 dollars to do additional modeling for ozone  
5 in the Tulsa and Broken Arrow area. I got  
6 an email from them the day before yesterday  
7 where they had asked our contractor for  
8 some additional information, so we're  
9 really asking for two different pots of  
10 money from two different sources. I have  
11 no idea why they want to do that modeling,  
12 in that we're doing that already through  
13 our contractor, but that's what they're  
14 asking for. So it's not for toxics, it's  
15 to do additional ozone modeling in the  
16 Tulsa area.

17           MR. THOMPSON: I would suggest,  
18 though, that Jim is right. We need to get  
19 with them and have a coordinated approach  
20 on that issue. If we don't, we'll look  
21 pretty silly, so we will do that.

22           MR. DARK: This is just a  
23 question for Jim and it may be a rhetorical  
24 question here but, having suffered through  
25 the whole issue of primacy with waste water

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1 issues, I would think the last thing that  
2 we would want as a state or that you would  
3 want as an industry is for EPA Region 6 to  
4 be dealing with your industry as opposed to  
5 the State of Oklahoma through DEQ.

6 MR. EAST: Well, I think that  
7 there are always -- there is always a good  
8 policy discussion between state rights  
9 versus federal issues are remedial because  
10 we are in every state, in every providence  
11 throughout Europe, we end up dealing with  
12 all the issues, whether it be EPA or state,  
13 our specific airsheds, it would be really  
14 nice if we just had one place to go to but  
15 that's not the way the world is. But, you  
16 know, I think that the primacy issue and  
17 the local permitting issue, you know, it's  
18 always easier to be able to get in a car  
19 and drive down to Oklahoma City rather than  
20 drive down to Dallas. But, you know, we  
21 are prepared to drive wherever we need be.

22 MR. DARK: And I don't know about  
23 the air side as well as I do about the  
24 waste side, but I can assure you that even  
25 historically now that we've done it, we're

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1 -- the municipalities are in much better  
2 shape because of dealing with DEQ as  
3 opposed to EPA, even though it's the same  
4 rules, the same regs, the same issues, it  
5 seems like when they're at home there's a  
6 better understanding of the needs and a  
7 better understanding of how to work through  
8 those. So I would think we would want  
9 primacy if there was any way we could do  
10 it. If there is a year deadline, it's  
11 probably incumbent upon both of us to  
12 figure out a way to get there.

13 MR. MASON: Thank you. Other  
14 public comments?

15 MR. WALKER: Good morning. I'm  
16 Bill Walker, I'm the Legislative Director  
17 for Dollar Thrifty Automotive, Inc., in  
18 Tulsa, Oklahoma, that's our worldwide  
19 headquarters. And also just seconding what  
20 Jim East had to say about opposing the car  
21 rental tax, I'm not going to repeat all the  
22 excellent points he made, because he hit  
23 all the substantive points. But I want to  
24 speak as a representative of a corporate  
25 citizen who has long-time ties to Oklahoma.

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1                   MR. WALKER:   Dollar Thrifty  
2   operates two car rental plans and you  
3   probably all have seen it advertised on  
4   T.V. or at the airport, Dollar Rent-A-Car  
5   and Thrifty Car Rental.   Our primary  
6   markets are -- can you hear me?

7                   MR. THOMPSON:   Try to either flip  
8   the mike up or speak a little louder,  
9   please.

10                  MR. WALKER:   Okay.   Can you hear  
11   me now?   We operate Dollar Rent-A-Car and  
12   Thrifty Car Rental plans -- those are our  
13   chief plans and those are -- our primary  
14   customers are leisure customers that are  
15   going to leisure destinations, such as  
16   Hawaii, Florida, California, Nevada and  
17   we're about the fifth largest domestic car  
18   rental company.   Our nationwide airport  
19   market share is about 12 or 13 percent.  
20   Alamo National is a step bigger than we  
21   are.   We are a publicly-traded company, a  
22   Fortune 1000 company.   Our roots in  
23   Oklahoma go back to Thrifty Car Rental  
24   being started in Tulsa, Oklahoma in 1950.  
25   Chrysler then came along in the late 1980's

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1 and bought that company. It also bought  
2 Dollar Rent-A-Car and moved its  
3 headquarters from Los Angeles to Tulsa and  
4 put those two companies together. In 1997,  
5 Chrysler decided to spin-off the companies  
6 in an IPO and the Dollar Thrift Automotive  
7 Group, Inc., the current configuration  
8 publicly-traded company was born.

9           We employ about 1,600 people in the  
10 State of Oklahoma and we have a payroll of  
11 over \$55 million dollars and given our  
12 roots and ties to the community, we try to  
13 do everything that a good corporate citizen  
14 does, you know, we support -- I had a list  
15 of companies that I forgot to bring with  
16 me, but literally dozens of charitable  
17 organizations. In 2004, our charitable  
18 giving exceeded a million dollars,  
19 including principally our contributions to  
20 the United Way was \$850,000 dollars. Our  
21 management, you know, various members of  
22 our management teams serve on boards of  
23 these civic and charitable organizations.  
24 We also try to be active for political  
25 causes that we think benefit the state.

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1 We're a member of Oklahoman's for Lawsuit  
2 Reform, pushing tort reform that we think  
3 would benefit the state. Oklahomans for  
4 Jobs Now, trying to push for workers'  
5 compensation reform that we think would  
6 benefit the state. We also joined up on  
7 Oklahoman's -- the Oklahoma Prosperity  
8 Project, which was a get out the vote voter  
9 education program. So we try to be  
10 involved and do things that benefit the  
11 state and no one would argue that air  
12 quality is an important issue for the  
13 state. And I'm a native Oklahoman, Jim is,  
14 you know, we want our state to be the best  
15 state in the nation, everybody does, and  
16 air quality is part of it. But being  
17 singled out for this tax is, I guess to put  
18 it politely, distressing in your own home  
19 state. There's got to be a better way to  
20 go about this. And so we are opposed to it  
21 and, you know, we'll fight it. We don't  
22 think it's fair. Thank you.

23 MR. MASON: Any questions for Mr.  
24 Walker? Other public comments? Thank you.

25 MR. JAMES: Good morning. My

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1 name's Mike James, I'm with Enterprise  
2 Rent-A-Car. I want to thank you for the  
3 opportunity to come and speak with you this  
4 morning. I also wanted to thank Mr. East  
5 and Mr. Walker and as Mr. Walker stated,  
6 I'm not going to spend a lot of time  
7 rehashing some of their comments. I agree  
8 with every one of them.

9           The one thing I would like to do is  
10 just bring you up to speed on Enterprise.  
11 And although Enterprise's corporate home is  
12 in St. Louis, Missouri, we're really a  
13 local company because we're part of  
14 Enterprise Rent-A-Car, we're a privately  
15 held company, but we're part of  
16 Enterprise's -- it's called Enterprise's  
17 Leasing Company Southwest, which is based  
18 in Oklahoma City. So we employ well over  
19 300 people just in Oklahoma alone and we're  
20 all local citizens. And over 70 percent of  
21 our market share is locally driven. It's  
22 not retail driven, if I can say retail  
23 driven, airport driven, leisure travel  
24 driven, it's not. It's local business.  
25 And, you know, at the risk of taking up

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1 time, I wouldn't ask for a show of hands to  
2 see how many of you have rented a car from  
3 Enterprise on a weekend special or because  
4 your car was in the shop or because your  
5 car was damaged or because your car was  
6 stolen, because your car broke down,  
7 whatever the case might be. But the thing  
8 is, what we're talking about is, if this  
9 proposal does pass, we're talking about  
10 everybody in this room being effected when  
11 they want to go rent a car, to rent a car  
12 on the weekend, to get out of town for the  
13 weekend or when their car's in the shop or  
14 whatever the case might be, that that fine,  
15 that dollar tax per day is going to be  
16 levied on every one of us, not just that  
17 person flying into town. And with 70 --  
18 over 70 percent of our business being  
19 locally driven, that's everybody in this  
20 room. That's not the person that's flying  
21 into Oklahoma. Now, that person will be  
22 effected, as well. But, again, what my  
23 concern is that over 70 percent of my  
24 customers and actually more than that,  
25 because 70 percent is just what we call a

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1 replacement base customer. Another 10 to  
2 15 percent is our corporate-based  
3 customers, our friends from PSO and others,  
4 ONG, OG&E, those folks, as well. So more  
5 than 80 percent of our customer base are  
6 residents of Oklahoma that are going to pay  
7 this dollar per day fee. You know, with  
8 all due respect, I'm not a math major, but  
9 I was just sitting there and was figuring  
10 it out. You know, if we have over 42  
11 offices in the State of Oklahoma, we're  
12 just not in the metro area. We have an  
13 office right here in Miami, right when you  
14 come in, if you've seen it, it's in a strip  
15 center on the way into town. We have  
16 offices in McAlester, we have offices in  
17 Altus, we have 42 offices across the State  
18 of Oklahoma and most of those are in  
19 outlying areas. There's a cost of doing  
20 business in an outlying area, it's a little  
21 more expensive than in a metro area. But  
22 the thing is, the sales tax varies in every  
23 city and as Mr. East pointed out, we have a  
24 six percent vehicle rental tax that's  
25 levied on our cars. So if you were in a

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1 car and I don't know, forgive me for not  
2 knowing what the sales tax is in Miami, but  
3 I'm just going to use simple math for my  
4 mind, but if the sales tax on a car is  
5 eight percent and then you factor in 6  
6 percent on top of that per vehicle rental  
7 tax, now you're -- I mean, that's just  
8 every day today. You're looking at a 14  
9 percent tax today on your rental car. Now,  
10 if the average price of a compact car on  
11 the replacement side, which is my side of  
12 the business, it's going to be different on  
13 our airport traffic. Our airport traffic  
14 average cost of a compact car may be  
15 \$50.00. But even on a replacement side  
16 rental stance, the average price of a  
17 compact car is \$30.00. So that means your  
18 rental tax at 14 percent is going to be  
19 anywhere from four and a half to five  
20 dollars a car, per day. Now, we take that  
21 dollar we're talking about and throw it  
22 onto that, now your cost just went up to  
23 five dollars and fifty cents a day on taxes  
24 alone. Then again, that's just  
25 approximate. I'm not a math major. But

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1 then when I heard Mr. East mention the fact  
2 about, you know, our cars being -- our cars  
3 are also one year old cars or younger,  
4 newer. So they're one year old or less.  
5 So we talk about cleaner emissions, then  
6 we're talking about, you know, we have x-  
7 amount of hundreds and hundreds and  
8 thousands of cars on the road in Oklahoma  
9 with just the three of us combined,  
10 thousands which are clean-emission cars.  
11 Well, then, why not levy a tax on the tag  
12 agencies, you know, when you go to renew  
13 your tag? I know that that was brought up  
14 once before. So I was sitting here  
15 thinking, okay, if we raise -- if we impose  
16 this dollar per fee -- dollar per day fee  
17 and it passes, then our costs go up from 14  
18 percent, which is about four fifty a day to  
19 five a day, so that's a dollar per day for  
20 everybody in here that wants to rent a car  
21 to go out of town on the weekend or go to  
22 the Big 12 Championship or go down to  
23 OU/Texas, so that's a dollar per day  
24 additional you're going to pay. Whereas,  
25 if we charged even an additional, if there

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1 are 300,000 cars registered in the State of  
2 Oklahoma, we charge an additional fifty  
3 cents per year on those cars, it's going to  
4 raise \$150 million dollars a year, which on  
5 page 7, I think, is the amount you were  
6 trying to get to, so if we raise \$150  
7 thousand dollars per year by imposing a  
8 fifty cents a day or fifty cents per year  
9 tax on the tag, that saves every one of us  
10 a dollar a day that we're trying to impose  
11 and basically it costs every family a candy  
12 bar a year. I don't know, that's my simple  
13 math, that's how I look at things. So  
14 basically we're looking at raising --  
15 everybody in here's going to have to pay an  
16 additional dollar a day when you want to  
17 rent a car, when you have family come into  
18 town, when you rent a car to go away on the  
19 weekends, when you rent a car when your  
20 car's in the shop, regardless of what it  
21 is, it's going to cost every one of us,  
22 including myself, an additional dollar a  
23 day every time we rent a car or if we levy  
24 this charge against our tags, I'd rather  
25 pay one candy bar a year myself. So I

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1 agree with my colleagues, Mr. East and Mr.  
2 Walker, and say with all due respect,  
3 folks, we'll lace them up tight and go  
4 after it to reject this proposal. And I  
5 appreciate you giving me the privilege to  
6 speak this morning. Thank you, very much.

7 MR. MASON: Thank you. Any  
8 questions? All right.

9 MR. JAMES: Thank you.

10 MR. BRANECKY: Good morning,  
11 Members of the Board, I'm David Branecky  
12 and today I'll represent OG&E. Well, I  
13 also sit on the Air Quality Council, so  
14 I'll give you a little bit of history. I  
15 also sit on the Air Quality Council  
16 Financial Committee and we've looked at the  
17 Air Quality Division's finances over the  
18 years and Title V -- I just wanted to make  
19 it clear that Title V program pays for  
20 itself. The stationary sources that pay  
21 the fees that fund Title V program, this  
22 year will be breaking even, it's paying its  
23 way. What's not paying its way in Air  
24 Quality are the non-Title V sources.  
25 So I just wanted to make that clear,

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1 that as you remember, I work for OG&E, that  
2 we pay our fees, we pay our fair share and  
3 we are paying our way. We don't think it's  
4 fair, and I'm speaking as OG&E now, that  
5 for us to have to pay additional fees to  
6 fund non-Title V sources or non-Title V  
7 parts of the program. So I'm afraid if  
8 some other means of funding are not passed,  
9 we'll have to come back to an increase in  
10 Title V fees and we'll fight that, because  
11 we feel we're paying our way and we don't  
12 feel it's fair to have to pay for the whole  
13 program.

14 MR. MASON: Any questions? Other  
15 comments? Thoughts from the Board.

16 MR. DARK: I'll offer up a  
17 thought.

18 MR. MASON: All right.

19 MR. DARK: As I understand and  
20 correct me if I'm wrong, Steve, but we --  
21 this Board has failed in its attempt to try  
22 to put something on car tags, correct?

23 MR. THOMPSON: The Board -- the  
24 Board approved last year our -- us going  
25 forward with the car tag fee --

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1 MR. DARK: And it was dismissed.

2 MR. THOMPSON: -- and the Agency  
3 went forward with that and it was dismissed  
4 in the Legislature.

5 MR. DARK: And knowing, having  
6 fought for those dollars in the Legislature  
7 for many, many years, that's a very tough  
8 fight. Knowing that politics is the art of  
9 compromise, if you don't have anything to  
10 compromise with, you won't get there. I  
11 think we would be remiss to try to go back  
12 to a car tag fee because we've seen that  
13 fail. And based on the other initiatives  
14 that I know are going on, I don't think it  
15 stands a chance this year, frankly.

16 However, if we go forward with  
17 something, what may ultimately come out of  
18 the system could be something that's  
19 hopefully based on just these gentlemen's  
20 comments, something totally different. But  
21 if we start with nothing, I can assure you  
22 what we'll get. So I would still be in  
23 favor of pushing this with the most earnest  
24 request that industry get in lockstep with  
25 the DEQ and let's find something that does

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1 work, let's find some way that we can get  
2 enough pressure on our Legislature. And I  
3 assure you guys that if this thing comes  
4 from staff and industry decides that they  
5 don't want it, they won't get it. But if  
6 there's some way that we could get industry  
7 to join hands with us and figure out a way  
8 to get those non-Title V people to belly up  
9 to the bar, if you will, either through  
10 appropriations or through some other  
11 method, we could get this in the form of a  
12 bill and then change it through the  
13 legislative process and get something that  
14 works for both of us.

15           However, I believe when we start  
16 with nothing, we will get nothing. So I  
17 would still be in favor of pushing this  
18 forward in hopes that we could get  
19 something more fair to all parties.

20           MS. ROSE: I have a question.  
21 What was the fee that was proposed last  
22 year that did not pass? Was it  
23 considerably more than 50 cents per vehicle  
24 or what was that?

25           MR. THOMPSON: It was a one

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1 dollar -- where we started, what was  
2 approved by the Board was a one dollar per  
3 tag fee on vehicles in the State of  
4 Oklahoma. As Mr. Dark mentions, that's  
5 kind of where you start. We, as you go  
6 through the legislative process, you're  
7 well aware, we talked about limiting that  
8 to the impact areas of Oklahoma City and  
9 Tulsa. We talked about going from a dollar  
10 to 50 cents. The kind of negotiations in  
11 compromise once we get approval of  
12 something like this, we sort of take the  
13 initiative to do. It's -- I would say to  
14 the Board that clearly we have generated  
15 some interest in this issue. It's clear  
16 that we've generated interest in it. The  
17 question of how much interest will remain  
18 if you don't go forward with this proposal  
19 is, I think, problematic.

20 I will commit to the Board  
21 personally that we will work with everybody  
22 to try to find the most equitable fee that  
23 gives us the opportunity to have some  
24 success in building our air program. I've  
25 asked, I asked -- and Jim, I don't want to

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1 put words in your mouth, I said, Jim, what  
2 do you suggest that works? What would you  
3 suggest? We tried the tag fee, what would  
4 you suggest? And maybe somebody out there  
5 has an idea that works other than this. I  
6 just am not yet -- I'm just not yet  
7 (inaudible).

8 MR. DARK: My fear is that the  
9 easiest thing to do is to kill the bill and  
10 by doing this, I wouldn't want it to  
11 motivate industry just to go kill a bill  
12 but rather let's see if you can figure out  
13 something that will work and if it doesn't,  
14 then kill the bill. I mean, that's a phone  
15 call from one of you guys, you know that as  
16 well as I do. So if there's some way that  
17 we could get this rolling and get it  
18 through the door, I think it would be  
19 fantastic and allow us again, I think this  
20 primacy issue is an important issue and it  
21 will become an important issue someday.

22 MR. MASON: Other Board thoughts?

23 MS. ROSE: Well, I assume that  
24 staff has looked at all of the other  
25 options. I mean, I don't know, I'm new on

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1 the Board, this is not an issue that I know  
2 anything about except what I've heard  
3 today. So I'm assuming then that you have  
4 looked into other methods of financing  
5 this, so. And you believe that in view of  
6 what happened last year in the Legislature,  
7 that this is the best way to proceed; is  
8 that correct?

9 MR. THOMPSON: I think that's  
10 correct. That's not to say that we are not  
11 also pursuing, again, for the -- I guess  
12 now for the fifth year general revenue.  
13 And so we will address (inaudible) of that.  
14 But given our -- I can't promise much,  
15 given our past track record. We've had  
16 very limited success on the dollar fee and  
17 so this is an idea that really -- and it's  
18 my understanding that while this is an idea  
19 that really kind of came out of Florida.  
20 And while I'm -- I don't believe that they  
21 dedicate the fee money in Florida to -- or  
22 at least a portion of the fee money in  
23 Florida to air quality, they do dedicate it  
24 to tires and batteries. I think there's a  
25 piece of that. So it is -- I would suggest

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1 to you -- and I think there are other  
2 states that do that. So it is -- while  
3 this may be unprecedented relative to an  
4 air program, it is not unprecedented in  
5 other states relative to what would be  
6 considered environmental programs.

7 MR. MASON: As a Board, do we  
8 want to approve the legislative packet or  
9 just change it as a whole packet or do we  
10 want to approve or change this  
11 individually?

12 MR. DARK: Is it being presented  
13 as a packet or as individual items? As a  
14 packet?

15 MR. THOMPSON: Well, it's the  
16 Board's decision. We put together the  
17 report that's required by the Legislature  
18 that has, I think, four items in it and so  
19 we can -- it would be at the Board's  
20 discretion to approve each segment or  
21 approve the package as a whole, it's up to  
22 you.

23 MR. DRAKE: Let's go ahead and  
24 have the rest of this report presented and  
25 then decide on that.

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1                   MR. MASON:    That's fine.    We'll  
2 do that.    You still here, Craig?

3                   MR. KENNAMER:    Hopefully, this  
4 next one will be noncontroversial.    The  
5 next one really is something very simple.  
6 The old Hazardous Waste Management Act had  
7 a definition for qualified interest groups.  
8 We have subsequently passed the Uniform  
9 Permitting Act that provided us processes  
10 and procedures for public participation for  
11 all permitting in the DEQ.    So this  
12 qualified interest group was a group that  
13 was allowed -- that could challenge a  
14 permit.    And -- or could ask for a hearing  
15 on a permit, public participation on a  
16 permit.    And the permit that it could ask  
17 for a public participation on was a  
18 construction permit, hazardous waste  
19 construction permit.    We no longer have  
20 those.    So this is an obsolete definition  
21 that we'd like to remove and the  
22 legislation that's presented today for this  
23 is just to strike that definition, because  
24 it's confusing.    We've got a Uniform  
25 Permitting Act and then you've got another

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1 provision in another act that talks about  
2 who can -- what group can ask for a public  
3 meeting on a permit. So we'd like to have  
4 the Uniform Permitting Act stand as the  
5 Agency's statutory authority on who can ask  
6 for hearings on permits and leave it in  
7 that body of the law and not have a  
8 separate definition that talks about  
9 permits that we don't even have anymore,  
10 they're obsolete.

11 MR. DARK: So this is more of a  
12 housekeeping issue than anything else?

13 MR. KENNAMER: That's exactly  
14 what it is. So if there's any questions  
15 and comments on that, I'll take them at  
16 this time.

17 MR. MASON: Is there any Board  
18 questions? Public questions? Okay.

19 MR. KENNAMER: The next one is  
20 water legislation and there's three  
21 components to this legislation. The first  
22 is the public water supply fee statute.  
23 And when the Legislature passed the public  
24 water supply fee statute, it was one of the  
25 -- ones, if not the only statute that sets

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1 requirements for fees. Most of our fees,  
2 as you know, come through the Council and  
3 the boards for approval. This one was set  
4 by statute and it mandated that the Agency  
5 charge for the actual costs of regulatory  
6 services, but at the same time it put a 30  
7 cent per month per residential user cap on  
8 the fee that we could raise annually. And  
9 so as programs have been added and all  
10 these new federal mandates have been added  
11 to the public water supply program, we have  
12 seen costs rise. Our actual cost for  
13 regulatory services have risen, but we  
14 cannot meet the demands because we have  
15 this 30 cent per residential user cap. And  
16 so as each year progresses and we get more  
17 federal mandates come into play, we have  
18 this limit. And what has also happened  
19 about four years ago, we had our  
20 appropriated dollars cut for our water  
21 programs. So at the same time our  
22 appropriations were cut, costs have risen  
23 and the 30 cent cap keeps us from raising  
24 fees. So what we'd like to do and what  
25 we're proposing to do today is to have the

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1 legislation that would remove that cap and  
2 return that authority to the Board to set  
3 the fees. There is still a cap in the fee  
4 rule for public water supplies, in that  
5 rule. And it's the same cap, it's a 30  
6 cent cap. But we could then go to the  
7 Council and go to the Board and say what is  
8 the appropriate fee based on our actual  
9 cost and the councils and boards could make  
10 that determination instead of limiting us  
11 and having this gap widen every year  
12 between our actual costs and what fee  
13 income we can generate. So if you have any  
14 questions on that one, I'll pause before I  
15 go to the next component of the water  
16 piece.

17 MR. MASON: Board or public  
18 questions?

19 MR. THOMPSON: I would suggest to  
20 you again that -- a couple of things. Last  
21 year I guess our budgetary success was that  
22 we got some money to replace equipment in  
23 our laboratory, which is part of our  
24 ongoing cost for this. We haven't received  
25 it yet, but we anticipate that towards the

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1 end of the year we will. Again, we are  
2 asking for general revenue money. We  
3 brought that to you last year to offset the  
4 cost not necessarily of our cost, although  
5 we will have administrative cost for that,  
6 but a piece of it is for our assistance to  
7 community cost and a piece of it is to  
8 mitigate the cost to the communities for  
9 analysis. So we continue to ask -- take a  
10 multi-pronged approach, give us some money  
11 to offset these costs or give us the  
12 ability to really look -- for the Board and  
13 the Council to really look at the cost of  
14 our program operation and then make  
15 adjustments accordingly.

16 MR. KENNAMER: And I think that  
17 is a very good point. We will always  
18 continue to get appropriated dollars, but  
19 in cases where we can't, we need to make up  
20 for the gap in income and the actual cost  
21 and so that's what we're trying to do  
22 today.

23 MR. DARK: So you're not -- I  
24 mean, you stated earlier in this first  
25 paragraph there is a -- it's based on flow,

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1 not connection, which is easy to understand  
2 and I certainly agree with. But down here,  
3 you're asking to still tax it at the  
4 connection.

5 MR. KENNAMER: Well, that's  
6 actually a different piece of legislation.

7 MR. DARK: Okay. Okay. They are  
8 totally separate?

9 MR. KENNAMER: Yeah, they're  
10 separate.

11 MR. DARK: Okay.

12 MR. KENNAMER: That's on small  
13 public sewage systems.

14 MR. THOMPSON: He took the easy  
15 one first.

16 MR. DARK: I see. Okay. I was  
17 trying to read through that and put them  
18 together. Okay.

19 MR. KENNAMER: The -- is there  
20 any other comments then on the first part?

21 MR. GIVENS: That may be what's  
22 confusing, the way it's laid out in the  
23 narrative. You're covering the second  
24 item.

25 MR. KENNAMER: I'm sorry. I

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1 apologize for that. I took the fees first  
2 because if we're going to have any issues,  
3 it's going to be on the fee issues  
4 probably. I will move right into the small  
5 public sewage systems now.

6 MR. THOMPSON: And that's the  
7 first paragraph.

8 MR. KENNAMER: That's the very  
9 first paragraph. In the definition of  
10 small public sewage systems, there is two  
11 components. One is if you are determined  
12 to be a small public sewage system, you  
13 have less than 10 connections or you have a  
14 flow of 5,000 gallons per day.  
15 Historically, we have always looked at  
16 those as two separate criteria that  
17 determine whether you fall under that  
18 definition. And this must be a real  
19 interesting topic -- so what you have here  
20 is a system set-up that small public  
21 systems are regulated by both residential  
22 units or flow. And what we look at as an  
23 agency is flow, because that is what has  
24 the impact on the environment. You can  
25 have 15 units, but if your flow is less

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1 than 5,000 gallons per day, that's what we  
2 care about. So what we're doing is trying  
3 to take that confusion out and try to take  
4 the universe of systems that would be  
5 regulated out and base them on flow.

6 MR. DARK: If that's the case, do  
7 you dictate where that flow is measured,  
8 because you know as well, that's the most  
9 critical point, is do you measure it at the  
10 residence or do you measure it at the  
11 collection of those residences?

12 MR. KENNAMER: Well, we measure -  
13 - I think we measure at the collection.  
14 I'll let Gary Collins speak to that,  
15 because these systems are --

16 MR. DARK: Well, I notice you're  
17 changing --

18 MR. KENNAMER: -- but it's  
19 usually based on a calculation of how many  
20 gallons per day they believe those units  
21 will generate. And they have --

22 MR. DARK: -- so it's not actual  
23 measurement?

24 MR. KENNAMER: No, it's not  
25 actual measurement but it's based on a

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1 calculation.

2 MR. DARK: So you're just  
3 guessing (inaudible).

4 MR. COLLINS: (Inaudible).

5 MR. DARK: (Inaudible).

6 MR. KENNAMER: Sometimes you look  
7 at water usage to measure and so there's a  
8 number of ways to do it. But it's more  
9 critical that we look at the design of the  
10 facility and how much it can hold and what  
11 we estimate to be the flow rather than the  
12 units. So what we're proposing today is to  
13 remove that connection requirement and keep  
14 it at 5,000 gallon flow per day. There is  
15 also a change in the definition that  
16 eliminates public and commercial, because  
17 those are terms that we don't commonly use.  
18 Using terms to us, what we try to do is  
19 talk about systems in terms of being  
20 industrial or nonindustrial and that's why  
21 that language is changed from nonindustrial  
22 to public or commercial systems. Those are  
23 the changes to that section and I'll ask  
24 for any question or comments at this time.

25 Okay. Hearing none, we'll go on to

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1 operator certification. This is a mandate  
2 by federal law that certain systems have a  
3 certified operator. Those systems that  
4 have been expanded under federal rule to  
5 have a certified operator are the non-  
6 transient, noncommunity public water supply  
7 systems. For those of you who don't know  
8 what those are, those would be, like,  
9 schools, daycares and small businesses.  
10 They serve 25 of the same persons over six  
11 months period and if we fail to do so -- if  
12 the state fails to do this, make this  
13 change, we'll lose federal funding for the  
14 operator certification program and for the  
15 public water supplies. What this also does  
16 is clarify that those small public sewage  
17 systems that we're talking about are not  
18 included and are not required to have a  
19 certified operator and it also clarifies  
20 that industrial facilities don't have to  
21 have a certified operator. So the changes  
22 just apply to these non-transient,  
23 noncommunity public water supply systems.

24 MR. DARK: So this is just to  
25 maintain our federal funding?

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1                   MR. KENNAMER:    That's correct.

2                   MR. DARK:    Question, does our own  
3 staff -- are they allowed to participate in  
4 that federal funding for certified  
5 operators?    In other words, our inspectors  
6 in the field, are they certified operators  
7 or is there a plan to make them certified  
8 operators?

9                   MR. KENNAMER:    Well, actually,  
10 we've been looking into that.    There is a -  
11 - we've been looking at how to provide the  
12 training and get as many people as we can  
13 as certified operators.    We're looking into  
14 how the state can pay for that and whether  
15 or not the grant dollars can pay for that  
16 operation, so it's kind of a legal issue at  
17 this time.    But I think we're going to get  
18 over that hurdle and try to have as many of  
19 our staff who are in position to regulate  
20 certified operators, have that  
21 certification.

22                   MR. DARK:    I would encourage  
23 staff to try to figure out a way through  
24 that.    I don't know the process, the  
25 logistics of it, however, I do know the

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1 problems in the field when you have an ODEQ  
2 representative inspecting a treatment  
3 facility, be it water or wastewater, that  
4 is non-certified, trying to dictate or  
5 suggest or even propose a problem to a  
6 certified operator in a plant for a  
7 municipality. I hear that all over the  
8 state and I think it's a valid concern.

9 MR. KENNAMER: Yeah. I would  
10 like to say that most of our field staff  
11 has -- have science or engineering degrees  
12 and so they do have some understanding of  
13 the operations. But you're correct, it  
14 would be good to have some practical  
15 knowledge of what they go through to  
16 operate a program.

17 MR. THOMPSON: Let me step in  
18 here. We -- I think as much as anything  
19 that the perception issue is out there,  
20 that you're not certified and I have to be  
21 and you're inspecting me. And Jon and I  
22 have talked at length about that and it's  
23 my understanding that Chris, Jon, is  
24 working very diligently and it won't be  
25 long before we'll begin to certify our

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1 operators and move forward with getting  
2 that done.

3 MR. DARK: Well, as you said,  
4 perception is reality.

5 MR. THOMPSON: That's exactly  
6 right.

7 MR. DARK: Whether it's true or  
8 not.

9 MR. KENNAMER: Is there any other  
10 comments or questions on that one?

11 MR. THOMPSON: This is a real  
12 life federal mandate.

13 MR. DARK: We don't have a choice  
14 here.

15 MR. THOMPSON: No. I wish we  
16 did.

17 MR. KENNAMER: Okay. The last  
18 and final piece of legislation in our  
19 Environmental Quality Report has to do with  
20 the forums that the Board holds. Currently  
21 the law requires four forums, one each  
22 quarter. And we would like to remove that  
23 (inaudible) and hold a forum in connection  
24 with the Board meetings, because there are  
25 occasions due to weather or whatever that

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1 the Board may only meet three times in a  
2 year and it's fairly costly and expensive  
3 for the state to go out and hold a separate  
4 forum. So we would like to just tie those  
5 forums to Board meetings. We have -- I can  
6 only think of one year maybe that we had  
7 three Board meetings instead of four, so  
8 it's not really going to change that much.  
9 But it would be, I think, a good or at  
10 least an economic advantage to the state  
11 that we tie the forums to the Board  
12 meetings, so if we do cancel one, that we  
13 don't have to go out and then hold a forum.  
14 Any questions or comments on that issue?

15 MR. THOMPSON: Let me go ahead  
16 and -- the last two are really sort of  
17 other legislation with special interest.  
18 One has to do with our discussion about the  
19 salary of the Executive Director and you  
20 all are very aware of that. Finally, there  
21 will always be a tire bill and we are not -  
22 - we are not sponsoring a tire bill this  
23 year but we do believe that there is some  
24 opportunity to change the way the tires are  
25 done. The tire program -- change the tire

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1 program in such a way that we don't have to  
2 raise -- we've talked a lot about raising  
3 fees today. We think there's a way to do  
4 the tire program so that we -- so that the  
5 Legislature will not have to raise fees and  
6 we're going to, by sending the tires to the  
7 end users, the people that actually destroy  
8 the tires. And so we're going to suggest  
9 to the Legislature a way in which we might  
10 adequately get tires processed without a  
11 raise in the fees. So we -- we come down  
12 on both sides of that issue.

13 MR. DARK: How about another  
14 dollar to those tires that comes right back  
15 to us?

16 MR. THOMPSON: I'm sorry. That  
17 would be -- anything saved that could come  
18 back for air quality, we could do.

19 MR. KENNAMER: Well, that  
20 concludes the Environmental Quality Report.  
21 It's now in your hands. Thank you.

22 MR. MASON: Thank you, Craig.  
23 What I might suggest is we have a Board  
24 discussion and then some very brief public  
25 comments of two minutes or less, then the

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1 Board action.

2 MR. DRAKE: Well, I was going to  
3 make a motion, but if you would rather have  
4 a discussion, we'll do it that way.

5 MR. MASON: Well, let's do your  
6 motion.

7 MR. DRAKE: Let's do the motion.

8 MR. MASON: All right.

9 MR. DRAKE: I'm going to move  
10 that we accept this in total and I reserve  
11 comment as soon as someone seconds it, if  
12 they do.

13 MR. DARK: Second.

14 MR. DRAKE: Comment. There's  
15 that old saying that Russell used to say,  
16 don't tax me, don't tax thee, tax that man  
17 behind the tree. And I believe it. And if  
18 I were these gentlemen with the rental car  
19 business, I would do the same thing they're  
20 doing. If you mess with agriculture,  
21 that's where I'd be or anything else that  
22 I'm involved in. However, the State of  
23 Oklahoma and the EPA, through their wisdom,  
24 gave us a lot of edicts that we don't  
25 always have funds for and we don't know

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1 where to get these funds. So I'm going --  
2 I moved this because fully recognizing that  
3 the car industry is going to come after it,  
4 I would if I were them, but also  
5 recognizing that we're going to put  
6 something on the table that maybe someone  
7 will help us figure out where to get some  
8 money, because we're going to have to have  
9 some money to do what we've been told to do  
10 and we have to do.

11           So with that in mind and with a full  
12 realization that certainly I wouldn't be  
13 happy if I were them, the full realization  
14 we don't know where else to go, we'll try  
15 the tag law, we'll try the -- any other  
16 avenue that we can have, but I know that  
17 we're going to be generating some excellent  
18 comment because I've already heard it today  
19 from, I believe, three gentleman, maybe  
20 four, very articulate and very well done.

21           So with that in mind, Mr. Chairman,  
22 I've made that motion and that's the  
23 comment because we need to move forward and  
24 find some funds and maybe someone will help  
25 us find them.

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1                   MR. MASON:   Thank you, sir.   Is  
2   there any public comment of two minutes or  
3   less per person?   Okay.   Any additional  
4   Board discussion?

5                   MS. ROSE:   Well, I would like to  
6   say something about that, also.   I feel  
7   very uncomfortable in taxing the car  
8   industry.   I think this -- it would be much  
9   better if we had across the board tax,  
10   knowing what the staff, what has happened  
11   in the past, perhaps then this is the best  
12   way to go.   And this isn't something that's  
13   just necessarily that we've been told we  
14   must do this, we need to have cleaner air  
15   in Oklahoma and be sure that we maintain  
16   the clean air that we have today.   But  
17   that's beside the fact of what we need to  
18   do today.   But I do want to go on record as  
19   saying that I think this is perhaps unfair  
20   and we all need to work to bring something  
21   else to the table.

22                   MR. MASON:   I think we're ready  
23   for a vote.   Does everybody understand Mr.  
24   Drake's motion to accept the proposal as  
25   presented?   All right.

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1 MS. BRUCE: Ms. Cantrell.  
2 MS. CANTRELL: Yes.  
3 MS. BRUCE: Mr. Dark.  
4 MR. DARK: Yes.  
5 MS. BRUCE: Mr. Drake.  
6 MR. DRAKE: Yes.  
7 MS. BRUCE: Ms. Galvin.  
8 MS. GALVIN: Yes.  
9 MS. BRUCE: Mr. Johnston.  
10 MR. JOHNSTON: Yes.  
11 MS. BRUCE: Ms. Rose.  
12 MS. ROSE: Yes.  
13 MS. BRUCE: Mr. Mason.  
14 MR. MASON: Yes.  
15 MS. BRUCE: Motion passed.  
16 MR. MASON: Thank you.  
17 MR. DRAKE: Further, Mr.  
18 Chairman, I'll pledge that I'll talk to  
19 whoever's necessary and I know a few of  
20 them, to find, help to find some of the  
21 funds because I do not want to penalize any  
22 companies in Oklahoma that have been so  
23 wonderful to come in here, but we are going  
24 to generate some comment.  
25 MR. MASON: Thank you.

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1                   MR. DRAKE:    Thank you.

2                   MR. MASON:    I think as a Board  
3 and as an Agency, we appreciate those  
4 industries and the rental car folks taking  
5 time to come up here and help us and your  
6 input helps.    Thank you, very much.    New  
7 Business.    Executive Director's Report.

8                   MR. THOMPSON:   Well, I reported  
9 to you at the last Board meeting that I  
10 would -- was going to offer my name in  
11 nomination for President of ECOS, which is  
12 the national and state environmental  
13 commissioners association.    I don't know  
14 whether out of sympathy or fear, but no one  
15 ran against me.    So for over the next year  
16 I'll be serving as President of that  
17 organization.    A number of you -- of our  
18 Board Members were able to attend the  
19 meeting.    I hope they found it somewhat  
20 stimulating.    It can get pretty boring at  
21 times, but I hope you found it interesting.

22                   Just to let you know, over the next  
23 couple of months we will be meeting with or  
24 I will be meeting with Administrator Levitt  
25 and with Senator Inhoffe and his staff to

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1 discuss the direction that EPA will take  
2 over the next four years. And so we will  
3 hope to have productive discussions about  
4 that and about the role that state  
5 environmental agencies play in  
6 environmental protection in the country. I  
7 think it's -- I'll also be speaking at the  
8 National Environmental Summit in D.C.,  
9 which is in the first part of December.  
10 And as a result of that, I will  
11 automatically serve as Past President for  
12 another year, so I will be working in the  
13 leadership of ECOS over the next couple of  
14 years.

15 Myrna, do you want to go ahead now  
16 and pass out the Environmental Quality  
17 Report? Annually we bring a report to the  
18 Board. This serves not only as a report to  
19 the Board of the activities of the agency,  
20 it serves as the report to EPA about what  
21 we've done and to the Legislature and any  
22 number of people, so this is a document  
23 that we use for a lot of reasons. I don't  
24 want to go over the document in total, but  
25 I would draw your attention to I think

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1 really beginning on page 11. What we have  
2 documented here is some of the special  
3 awards and recognition of our employees and  
4 of the Agency that we've received. If  
5 we're good at all as an Agency, it's  
6 because of our employees and I think there  
7 are a lot of -- and our employees receive a  
8 lot of recognition over the past year and  
9 we want you to be aware of that.

10           The other thing, if you want to know  
11 the range or the number of activities that  
12 we're doing, that's in the back of the  
13 book. Our bean counts are in the back,  
14 I'll draw your attention to that. And then  
15 the rest of the document is really some  
16 stories about projects or enterprises that  
17 we've taken on over the years or over the  
18 past year and so we are pretty proud of the  
19 document. We would draw your attention to  
20 that.

21           MR. THOMPSON: Yes, that's  
22 produced in-house. If you'll look on page  
23 -- well, I should recognize a couple of  
24 people. If you'll look on page 11, Denise  
25 Harkins, the lady who was our employee of

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1 the year or at least our co-employee of the  
2 year, is the person that formats and does  
3 the graphics on this report. So she does  
4 an excellent job for us. Wendy Caperton,  
5 who is our Director of Policy and Planning  
6 at the Agency coordinates the development  
7 of the document, so this is done totally  
8 in-house. Wendy's the lead and once we get  
9 all the document put together, she gets the  
10 document put together and then Denise  
11 formats and does the graphics on it. So  
12 it's a document we produce in-house.

13 MR. DARK: There won't be a quiz  
14 to the Board?

15 MR. THOMPSON: There will not be  
16 quiz to the Board or the Executive  
17 Director, for that matter. I have kept the  
18 Board updated on issues related to  
19 treatment of states for tribes, I think  
20 it's something of interest to a lot of  
21 people. Recently, EPA awarded treatment of  
22 states to the first tribe in Oklahoma, that  
23 was the Pawnees. We have looked,  
24 potentially at poor water quality  
25 standards. So we'll be watching that. We

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1 do know a little bit about our legislative  
2 leadership this year. Senator Richard  
3 LeBlanc of McAlester has been named the  
4 Chair of the Senate Energy and Environment  
5 Committee. Senator Mary Easley is the Co-  
6 Chair of that Committee. Senator Jeff  
7 Rabon of Hugo is the Appropriations  
8 Subcommittee Chairman for the Environment,  
9 so we know who our leaders are on the  
10 Senate side. We have not yet -- I'm not  
11 sure the House has got itself organized  
12 because of the change yet, to determine  
13 those things. But as we do learn who they  
14 are, we'll begin to develop those  
15 relationships. Some of these folks are  
16 past friends of ours and some we need to  
17 build new relationships with.

18 MR. MASON: Steve, could you put  
19 an email out to the Board Members as soon  
20 as that's finalized, so we all know --

21 MR. THOMPSON: Yes.

22 MR. MASON: -- on those things.

23 MR. THOMPSON: We sure will. I  
24 guess there's a couple of other things that  
25 I will mention briefly. One is, you know,

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1 we -- Mr. Dark talked a lot about  
2 delegation of programs and that means EPA  
3 oversight when you're delegated a program  
4 and we recently went through agency-wide  
5 our enforcement review. And I would  
6 characterize the review as saying, we've  
7 got good enforcement programs, we do a good  
8 job. We were dinged on one thing and that  
9 was the timeliness issue. I think that's  
10 because we negotiate with folks, rather  
11 than simply going out with unilateral  
12 orders. I think that because we do  
13 negotiate, they did not say that our  
14 penalties were inappropriate because we  
15 negotiate, they simply said it takes you a  
16 little longer than it should, to get them  
17 done. And my response to that is, it's  
18 just going to continue to take a bit  
19 longer. We believe in negotiation, we  
20 believe we believe we get a better product,  
21 we get a better education and we believe we  
22 get better environmental protection through  
23 negotiated orders rather than unilateral  
24 orders and that will continue to be our  
25 practice.

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1           The other thing that I would mention  
2 is that we were recently in Duncan for a  
3 ceremony that really kind of honored  
4 Conoco-Phillips. The Duncan County  
5 Commission thanked DEQ for the work that  
6 we're doing to renovate the old Duncan  
7 Refinery down there. When you can get the  
8 company and the government and the locals  
9 together and not only clean up a property  
10 but provide it for an economic development  
11 benefit to that community, that's the best  
12 of all possible worlds. That's the  
13 iteration above just negotiation. That's  
14 the iteration of not only considering  
15 health and environment, but also  
16 considering economic development for local  
17 communities. And Scott Thompson and his  
18 group were the spearhead of that and we're  
19 very proud to be a part of that effort.  
20 And it's the kind of thing we want to do in  
21 the future.

22           With that, I'll take any questions.

23           MR. DRAKE: How many members do  
24 we have right now on the Board? We're  
25 missing just one?

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1 MR. THOMPSON: Missing one.

2 MR. DRAKE: One spot?

3 MR. THOMPSON: We're missing a  
4 spot for the environmental professional,  
5 not -- there's more to that description.  
6 It's not associated with a municipality or  
7 something. I can't -- Jimmy, you might  
8 (inaudible). It's Herschel's spot. It's  
9 environmental professional, but there's  
10 more to it in the statute than that. But  
11 anyway -- I'm sorry.

12 MR. GIVENS: I have it, if you  
13 want it.

14 MR. THOMPSON: Yes, if you would.

15 MR. GIVENS: It's a slot for a  
16 certified or registered environmental  
17 professional. Such member shall be an  
18 environmental professional experienced in  
19 matters of pollution control, who shall not  
20 be an employee of any unit of government.

21 MR. THOMPSON: Okay. That's it,  
22 not a unit of government. But that's --

23 MR. MASON: Thank you. Any  
24 questions for Steve? If there's no other  
25 business, we're going to adjourn. We're

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1 going to take about a ten minute break and  
2 then we'll have the public forum and then  
3 we're going to have a little lunch and then  
4 we have a two hour tour of Tar Creek.

5 Right?

6 MR. THOMPSON: That's exactly  
7 right.

8 MR. MASON: Okay. Ten minute  
9 break.

10 (End of Proceedings)

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24 C E R T I F I C A T E

25 STATE OF OKLAHOMA )

) ss:

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1 COUNTY OF OKLAHOMA )

2 I, CHRISTY A. MYERS, Certified  
3 Shorthand Reporter in and for the State of  
4 Oklahoma, do hereby certify that the above  
5 proceedings is the truth, the whole truth,  
6 and nothing but the truth; that the  
7 foregoing proceedings were tape recorded by  
8 and thereafter transcribed under my  
9 direction; that said proceedings were taken  
10 on the 16th day of November, 2004, at  
11 Miami, Oklahoma; and that I am neither  
12 attorney for nor relative of any of said  
13 parties, nor otherwise interested in said  
14 action.

15 IN WITNESS WHEREOF, I have hereunto  
16 set my hand and official seal on this, the  
17 10th day of December, 2004.

18

19 \_\_\_\_\_  
CHRISTY A. MYERS, C.S.R.  
Certificate No. 00310

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