

**MINUTES
ENVIRONMENTAL QUALITY BOARD
JUNE 17, 2014
PITTSBURG COUNTY DEPARTMENT OF HEALTH
MCALESTER, OKLAHOMA**

Official EQB Approved
On August 19, 2014

Notice of Public Meeting – The Environmental Quality Board (Board) convened for a Regular Meeting at 10:00 a.m., at the Pittsburg County Department of Health, 1400 East College, McAlester, Oklahoma. This meeting was held in accordance with 25 O.S. Section 311, with notice of the meeting given to the Secretary of State on November 18, 2013. The agenda was mailed to interested parties on June 5, 2014, and was posted at the DEQ and the facility on June 16, 2014. Mr. John Wendling, Chair, called the meeting to order. Ms. Quiana Fields called roll and a quorum was confirmed. Mr. Wendling welcomed Representative Donnie Condit. Mr. Wendling introduced new Board member Daniel Blankenship. Mr. Roy Walker, Assistant Division Director of Administrative Services, talked on safety precautions in case of an emergency.

MEMBERS PRESENT

Daniel Blankenship
Shannon Ferrell
David Griesel
Tracy Hammon
Jerry Johnston
James Kinder
Jan Kunze
Tim Munson
Billy Sims
Loretta Turner
John Wendling

DEQ STAFF PRESENT

Scott Thompson, Executive Director
Jimmy Givens, Deputy Executive Director
Martha Penisten, General Counsel
Michelle Wynn, Legislative Liaison
Catherine Sharp, Administrative Services Division
Roy Walker, Administrative Services Division
Amber Miller, Administrative Services Division
Eddie Terrill, Air Quality Division
Lloyd Kirk, Office of External Affairs
Gary Collins, Environmental Complaints & Local Services
Kelly Dixon, Land Protection Division
Fenton Rood, Land Protection Division
Chris Armstrong, State Environmental Laboratory Services
Skylar McElhaney, Public Information Officer
Cindy Przekurat, Executive Director's Office
Quiana Fields, Board & Council Secretary

MEMBERS ABSENT

Steve Mason
Cheryl Vaught

OTHERS PRESENT

Representative Donnie Condit
Senator Larry Boggs
Clayton Eubanks, Office of the Attorney General
Sheila Richey, Court Reporter

Approval of Minutes – Mr. Johnston moved to approve the Minutes from the February 21, 2014 Regular Meeting. Ms. Kunze made the second.

transcript pages 7 - 9

Daniel Blankenship	Yes	Jan Kunze	Yes
Shannon Ferrell	Yes	Tim Munson	Yes
David Griesel	Yes	Billy Sims	Yes
Tracy Hammon	Yes	Loretta Turner	Yes
Jerry Johnston	Yes	John Wendling	Yes
James Kinder	Yes		

Mr. Scott Thompson, Executive Director of the DEQ, proposed that Mr. Jimmy Givens, Deputy Executive Director of the DEQ, give his report first. Mr. Givens gave an overview of the legislature session.

transcript pages 9 - 21

Executive Director's Report – Mr. Thompson discussed fiscal year 2015 proposed and revised budget for the agency.

transcript pages 21 - 47

Mr. Wendling recognized Senator Larry Boggs for District 7.

transcript pages 48 - 49

Mr. Wendling suggested a five minute break before proceeding to the next agenda item; there were no objections.

transcript page 49

Division Director Reports/Updates – Mr. Wendling called upon Lloyd Kirk, Division Director of the External Affairs. Mr. Kirk spoke on the upcoming change for the Customer Assistance Program that has been in existence since 1993. Mr. Kirk mentioned the Customer Assistance Program is a new approach regarding enforcement and permitting for the divisions.

transcript pages 50 - 59

Mr. Wendling called upon Eddie Terrill, Division Director of the Air Quality. Mr. Terrill gave an overview of the Air Quality Division. Also, Mr. Terrill spoke on upcoming challenges for fiscal year 2015, such as the carbon rule and Ozone and SO2 NAAQS Implementation.

transcript pages 59 - 72

Mr. Wendling called upon Kelly Dixon, Division Director of Land Protection. Ms. Dixon spoke on the core functions of the Land Protection Division such as the permitting and compliance program. Ms. Dixon gave an overview of other activities within the division.

transcript pages 72 - 79

Mr. Wendling called upon Shellie Chard-McClary, Division Director of the Water Quality. Ms. Chard-McClary spoke on staffing and the budget throughout the division. Also, mentioned were programs underway throughout the division.

transcript pages 79 - 88

Mr. Wendling called upon Gary Collins, Division Director of the Environmental Complaints and Local Services. Mr. Collins spoke on staffing problems in the local offices. Mr. Collins also provided an update of other division activities.

transcript pages 88 - 96

Mr. Wendling called upon Chris Armstrong, Division Director of the State Environmental Laboratory Services. Mr. Armstrong provided an update on concerns and goals for the state laboratory.

transcript pages 96 - 100

Performance Review of Executive Director – Mr. Wendling thanked the directors for the overview of their division. Ms. Kunze made a motion to have the Board go into Executive Session with Mr. Thompson. Mr. Griesel made the second and was designated as the scribe for Executive Session.

transcript pages 100 - 102

Daniel Blankenship	Yes	Jan Kunze	Yes
Shannon Ferrell	Yes	Tim Munson	Yes
David Griesel	Yes	Billy Sims	Yes
Tracy Hammon	Yes	Loretta Turner	Yes
Jerry Johnston	Yes	John Wendling	Yes
James Kinder	Yes		

The Board reconvened. Mr. Wendling called for a motion to come out of Executive Session and resume the Board meeting. Mr. Griesel made a motion to reconvene and Dr. Hammon made the second.

transcript page 102 - 103

Daniel Blankenship	Yes	Jan Kunze	Yes
Shannon Ferrell	Yes	Tim Munson	Yes
David Griesel	Yes	Billy Sims	Yes
Tracy Hammon	Yes	Loretta Turner	Yes
Jerry Johnston	Yes	John Wendling	Yes
James Kinder	Yes		

New Business – None

Next Meeting – The next scheduled meeting will be August 19, 2014 in Quartz Mountain.

Adjournment – Mr. Kinder moved to adjourn and Ms. Kunze made the second. Meeting adjourned at 1:55 p.m.

transcript pages 105 - 107

Daniel Blankenship	Yes	Jan Kunze	Yes
Shannon Ferrell	Yes	Tim Munson	Yes
David Griesel	Yes	Billy Sims	Yes
Tracy Hammon	Yes	Loretta Turner	Yes
Jerry Johnston	Yes	John Wendling	Yes
James Kinder	Yes		

The transcript and sign-in sheet become an official part of these Minutes.

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TRANSCRIPT OF PROCEEDINGS
OF THE OKLAHOMA ENVIRONMENTAL QUALITY
BOARD MEETING
ON JUNE 17, 2014 AT 10:00 A.M.
IN MCALESTER, OKLAHOMA

* * * * *

YOUNG REPORTING SERVICES
414 NORTHWEST 4TH STREET, SUITE 140
OKLAHOMA CITY, OKLAHOMA 73102
(405) 236-8426 * FAX (405) 236-8429
www.youngreporting.com

REPORTED BY: SHEILA F. RICHEY, CSR

<p style="text-align: right;">Page 2</p> <p>1 MEMBERS OF THE BOARD</p> <p>2</p> <p>3 DANIEL BLANKENSHIP, MEMBER</p> <p>4 SHANNON FERRELL, MEMBER</p> <p>5 DAVID GRIESEL, MEMBER</p> <p>6 DR. TRACY HAMMON, MEMBER</p> <p>7 JERRY JOHNSTON, MEMBER</p> <p>8 JAMES KINDER, MEMBER</p> <p>9 JAN KUNZE, VICE CHAIR</p> <p>10 STEVE MASON, MEMBER</p> <p>11 TIM MUNSON, MEMBER</p> <p>12 BILLY SIMS, MEMBER</p> <p>13 LORETTA TURNER, MEMBER</p> <p>14 CHERYL VAUGHT, MEMBER</p> <p>15 JOHN WENDLING, CHAIR</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1 MS. FIELDS: Dr. Hammon?</p> <p>2 DR. HAMMON: Present.</p> <p>3 MS. FIELDS: Mr. Johnston?</p> <p>4 MR. JOHNSTON: Here.</p> <p>5 MS. FIELDS: Mr. Kinder?</p> <p>6 MR. KINDER: Here.</p> <p>7 MS. FIELDS: Ms. Kunze?</p> <p>8 MS. KUNZE: Present.</p> <p>9 MS. FIELDS: Mr. Mason is absent. Mr. Munson?</p> <p>10 MR. MUNSON: Here.</p> <p>11 MS. FIELDS: Mr. Sims?</p> <p>12 MR. SIMS: Here.</p> <p>13 MS. FIELDS: Ms. Turner?</p> <p>14 MS. TURNER: Here.</p> <p>15 MS. FIELDS: Ms. Vaught is absent. Mr.</p> <p>16 Wendling?</p> <p>17 MR. WENDLING: Here.</p> <p>18 MS. FIELDS: We have a quorum.</p> <p>19 MR. WENDLING: All right. Thank you very</p> <p>20 much.</p> <p>21 Before we move on, I would like to see if we</p> <p>22 have any guests with us today. We have State</p> <p>23 Representative Donnie Condit from District 18.</p> <p>24 Representative Condit, welcome. Would you like to say</p> <p>25 anything to the group?</p>
<p style="text-align: right;">Page 3</p> <p>1 PROCEEDINGS:</p> <p>2 MR. WENDLING: All right. I would like to go</p> <p>3 ahead and begin our meeting today, and I welcome everyone</p> <p>4 to the June meeting of the Environmental Quality Board.</p> <p>5 I would like to read the call to order.</p> <p>6 "The June 17th, 2014 regular meeting of the</p> <p>7 Department of Environmental Quality has been called</p> <p>8 according to the Oklahoma Open Meeting Act, Section 311</p> <p>9 of Title 25 of the Oklahoma Statutes. Notice was filed</p> <p>10 with the Secretary of State on November 18, 2013.</p> <p>11 Agendas were mailed to interested parties on June 5th of</p> <p>12 2014 and were posted at the DEQ and the facility on June</p> <p>13 16th, 2014. Only matters appearing on the posted Agenda</p> <p>14 may be considered. If this meeting is continued or</p> <p>15 reconvened, we must announce today the date, time, and</p> <p>16 place of the continued meeting, and the Agenda for such</p> <p>17 continuation will remain the same as today's Agenda."</p> <p>18 With that, I would like to have a roll call,</p> <p>19 please.</p> <p>20 MS. FIELDS: Mr. Blankenship?</p> <p>21 MR. BLANKENSHIP: Present.</p> <p>22 MS. FIELDS: Mr. Ferrell?</p> <p>23 MR. FERRELL: Present.</p> <p>24 MS. FIELDS: Mr. Griesel?</p> <p>25 MR. GRIESEL: Present.</p>	<p style="text-align: right;">Page 5</p> <p>1 REPRESENTATIVE CONDIT: I just appreciate you</p> <p>2 taking the time out of your busy schedule to be here in</p> <p>3 McAlester. We invite you at any time, on behalf of the</p> <p>4 City Manager and myself. Thanks for coming.</p> <p>5 MR. WENDLING: Thank you very much.</p> <p>6 All right. We also have a new board member</p> <p>7 with us today, and for the first time we have Daniel</p> <p>8 Blankenship. Welcome to the Board.</p> <p>9 MR. BLANKENSHIP: Thank you.</p> <p>10 MR. WENDLING: And so, we have another new</p> <p>11 one, Cheryl Vaught. It doesn't look like she's with us</p> <p>12 today. So, hopefully we'll get to meet her at a meeting</p> <p>13 at another time.</p> <p>14 Before we go on, I know we had a welcome to</p> <p>15 McAlester, but it was kind of interesting. I got on the</p> <p>16 website the other day just out of curiosity, because I've</p> <p>17 been to McAlester once about two years ago for a meeting.</p> <p>18 And I remember running late, driving into town, going to</p> <p>19 I think it was a vo-tech school here, and going to a</p> <p>20 meeting, and then having to leave right away. So, I</p> <p>21 really didn't get a chance to absorb, you know, the area</p> <p>22 around McAlester.</p> <p>23 But anyway, so I got on the website and looked</p> <p>24 at the history. So, if you haven't done that, any of the</p> <p>25 Board Members, take a few minutes of time and get on the</p>

<p style="text-align: right;">Page 6</p> <p>1 City website. And I thought it was kind of interesting. 2 Here are a few little tidbits I'm sure you'll view. It 3 says that the town gets its name from J. J. McAlester, 4 who later became Lieutenant Governor for Oklahoma and was 5 immortalized as a character in the novel "True Grit". I 6 thought that was kind of interesting from that 7 perspective. 8 Another thing is, you'll find out as you read 9 through there that the State prison has some nicknames 10 that they have historically used, "Big Mac" or 11 "McAlester". And it says the town is referenced in that 12 manner in the opening pages of the "Grapes of Wrath". 13 So, it's kind of interesting to see. And as 14 you go through these, you realize what the history is of 15 McAlester. And if you go back to Indian Territory, how 16 McAlester was merged, and that the railroads were a part 17 of that, and what drove that was the fact that there was 18 a plot of coal in the area which helped fuel the trades 19 as they came through. So, there's a little history 20 there. So, it's good to know and good to read through 21 here. There's a lot more about history. And so, just 22 FYI, if you get a chance. 23 All right. With that and before we begin, I 24 would like to ask Roy to do a safety moment for us. For 25 everyone here, if you haven't been in this facility, just</p>	<p style="text-align: right;">Page 8</p> <p>1 a -- can I have a motion regarding the minutes? 2 MR. JOHNSTON: I move for approval of the 3 minutes. 4 MR. KUNZE: I second. 5 MR. WENDLING: All right. Roll call, please. 6 MS. FIELDS: Mr. Blankenship? 7 MR. BLANKENSHIP: Yes. 8 MS. FIELDS: Mr. Ferrell? 9 MR. FERRELL: Yes. 10 MS. FIELDS: Mr. Griesel? 11 MR. GRIESEL: Yes. 12 MS. FIELDS: Dr. Hammon? 13 DR. HAMMON: Yes. 14 MS. FIELDS: Mr. Johnston? 15 MR. JOHNSTON: Yes. 16 MS. FIELDS: Mr. Kinder? 17 MR. KINDER: Yes. 18 MS. FIELDS: Ms. Kunze? 19 MS. KUNZE: Yes. 20 MS. FIELDS: Mr. Munson? 21 MR. MUNSON: Yes. 22 MS. FIELDS: Mr. Sims? 23 MR. SIMS: Yes. 24 MS. FIELDS: Ms. Turner? 25 MS. TURNER: Yes.</p>
<p style="text-align: right;">Page 7</p> <p>1 in case something did happen, we would know what we 2 should do in any type of emergency. 3 MR. WALKER: Sure. The facility has informed 4 us that if there is an emergency there will be a very 5 loud alarm that will go off. And they said someone will 6 come in and direct us where to go. And, of course, the 7 exit is right there (indicating), and you pass the 8 restrooms on the way as well. 9 MR. WENDLING: All right. Thank you very 10 much. 11 One thing everyone will notice today, you will 12 notice that our Agenda is different than it has been in 13 the past. We have no rules in it today. But we felt it 14 was important to get together because of the changes 15 within the agency, and we've also had some things going 16 on from a budgeting perspective in response to the State 17 budget, and felt that we needed to communicate that to 18 the Board, as well as other activities going on. And 19 also, it gives us an opportunity with the new board 20 members to hear from some of the directors. So, it's a 21 little different Agenda than we've had in the past, but I 22 think it's well worth it. 23 So, with that, the next item on the Agenda is 24 the approval of the minutes. Hopefully everyone had the 25 chance to review those. And with that, I ask if there's</p>	<p style="text-align: right;">Page 9</p> <p>1 MS. FIELDS: Mr. Wendling? 2 MR. WENDLING: Yes. 3 MS. FIELDS: Motion passed. 4 MR. WENDLING: All right. Thank you. 5 All right. Moving along, what I would like to 6 do at this point, looking at the Agenda, the next item is 7 the Executive Director's report with Scott Thompson. So, 8 I would like to, at this point, turn it over to Scott. 9 MR. THOMPSON: Jimmy, are there slides up 10 first? 11 MR. GIVENS: Yes. 12 MR. THOMPSON: Why don't you go ahead and 13 start. 14 MR. GIVENS: While Roy is pulling up the 15 PowerPoint presentation, let me just go ahead and begin 16 by saying that what I want to do this morning is give you 17 a brief overview of the Legislative session that just 18 closed. With Representative Condit here, feel free to 19 chime in on any of these items. I will keep it brief 20 this morning. It truly will be an overview. 21 We want to touch mainly on the things that 22 affect DEQ most directly. I'll touch on a few items 23 that, in addition to the Bills that affect DEQ directly, 24 some Bills that were not enacted but may give an 25 indication of the level of interest on the part of the</p>

<p style="text-align: right;">Page 10</p> <p>1 Legislature that could reappear. And then the Interim 2 Study Requests, I'll touch on very briefly because, 3 again, that gives us some indication of what might be 4 coming down the pike.</p> <p>5 Probably the most notable development during 6 the session itself was the resignation of the Speaker, of 7 Speaker T. W. Shannon, and his replacement by Speaker 8 Jeff Hickman. We certainly had a cordial relationship 9 with Speaker Shannon's office. But, frankly, we probably 10 know Speaker Hickman and his office a little bit better, 11 and we'll see if that helps us in the future as things 12 play out in the coming session. But that is probably – 13 that made as much news during the session as anything 14 that I know of.</p> <p>15 Just a few things that touched on some of the 16 major themes. You probably have heard about these if 17 you've kept up at all with the Legislative session. 18 Obviously, the income tax cut was high on the Agenda of 19 leadership. A lot of discussion of education, the Common 20 Core, and testing requirements. A lot of discussion 21 about the Capitol, repairs to the Capitol, and a bond 22 issue for that. The Native American Cultural Center 23 received a lot of attention.</p> <p>24 And the State employee pay, classification, 25 benefits, and pensions received a lot of discussion and</p>	<p style="text-align: right;">Page 12</p> <p>1 Legislature has to affirmatively approve the rules, 2 instead of not disapprove the rules. And if the 3 Legislature doesn't act, then it falls on the Governor to 4 act. And that's what happened this time around.</p> <p>5 A resolution passed the House that would have 6 approved our rules, along with many others, but it didn't 7 make it through the Senate before adjournment sine die. 8 So, it is up to the Governor now to approve the rules 9 that you have adopted over the course of the last nine 10 months or so, and I think she probably will act sometime 11 before the end of the month, because they have to be 12 published in the Oklahoma Register by July the 17th, I 13 believe it is.</p> <p>14 One of the big things, Dust-Up Over Vetoes. 15 There was, as you may have heard, quite a bit of 16 controversy in – I don't know, probably in April when 17 Governor Fallin in a single day vetoed something like 16 18 House bills. Does that sound about right? And the 19 message was not so much that she objected to the 20 individual Bills, but that she felt like the House in 21 particular was not moving as quickly on some of the 22 State's priorities as they should have been. So, there 23 was an interesting vote right in the middle of the 24 session.</p> <p>25 Moving ahead quickly to some of the things</p>
<p style="text-align: right;">Page 11</p> <p>1 attention as well. One of the Bills did pass. It 2 essentially directs the Office of Management, Enterprise 3 Services, to do a comprehensive review of State jobs and 4 decide which ones should be what we used to call 5 classified and unclassified, will be called executive and 6 career positions in the future.</p> <p>7 But, again, I think that is something that we 8 will see in the next Legislative session. We'll see more 9 follow-up on that particular set of issues, probably 10 additional legislation on trying to reform the way that 11 we pay State employees, and the entire compensation 12 package associated with State employment.</p> <p>13 Process changes, I won't spend much time on. 14 The elimination of the Calender Committee is probably not 15 of a whole lot of interest to most of you. Although, my 16 take on that is it does rest a little bit more power in 17 the Speaker's office and the floor leader's office.</p> <p>18 Of more consequence to us is the 19 implementation of the OMNIBUS Rules Approval Process, and 20 that was something that passed last year. And you may 21 recall, those of you who were around then, that we talked 22 a little bit about it then. A Bill passed and it changes 23 the way and the rules that we would adopt to go to the 24 Legislature and Governor for final approval before they 25 become effective. And in essence, it says that the</p>	<p style="text-align: right;">Page 13</p> <p>1 that directly affect DEQ. These first two I've 2 highlighted in red, because you may recall that we 3 brought these to you, most of you who were around at the 4 time, we brought these to you in the fall with a 5 recommendation that we move forward on these as Request 6 Bills.</p> <p>7 The Good Samaritan cleanup protection, that 8 allows for really anyone, but it's focused first of all 9 on the institutions of higher education and non-profits, 10 allows them to provide assistance to clean up areas of 11 historical contamination, and provides them some 12 additional liability or relief when they voluntarily do 13 that. If they are doing it for compensation, this does 14 not apply. If they are grossly negligent or 15 intentionally do something wrong, it doesn't apply. But 16 it does encourage people to step forward, maybe as a 17 research project, or something like that, to help out 18 with some cleanup, Tar Creek and other places like that.</p> <p>19 1336, again was a Request Bill. You may 20 recall what it does is, it's saying that if you're going 21 to get a solid waste permit, you ought to act on it 22 within some reasonable period of time after you get the 23 permit. We have a couple that have been lying around for 24 a long time. This will not apply to them because it is 25 prospective in nature. But we did feel like it was</p>

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1 important to say to them, "Look, if you're going to get a
 2 permit, you can't just keep it forever and decide 50
 3 years down the road that you're going to try to implement
 4 it."
 5 3102 was not a DEQ Request Bill, but we did
 6 have the opportunity to have input into it. In essence,
 7 it allows tire processors to recover reimbursement for
 8 their capital investments a little bit more quickly than
 9 they could before by removing a yearly cap on the amount
 10 that they can receive.
 11 And 1418, again, not a DEQ Request Bill, but
 12 we did have some input into it. It says that, for those
 13 entities, those oil and gas operators, that want to send
 14 oil and gas related waste to one of our landfills, they
 15 have to keep the same sort of records about that waste as
 16 they would have had to keep if they were sending it to
 17 some facility regulated by the Corporation Commission.
 18 This was driven largely by, I think, those entities that
 19 operate oil and gas facilities. As you might expect,
 20 they wanted to level the playing field for wherever the
 21 disposal occurs.
 22 Let me pause before I move to the next slide.
 23 Any questions about any of those four, because I'm going
 24 to shift gears to a different environmental area? John.
 25 MR. WENDLING: Do you notice that the

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1 effective date of the first three is different than the
 2 last one? Is there a reason that it's different?
 3 MR. GIVENS: Yeah, I should have highlighted
 4 that. The first – in general, Legislation will take
 5 effect on either July 1st or November the 1st. If it's
 6 something that is considered to be relatively urgent by
 7 the Legislature, they often will put an emergency clause
 8 on it. If it's particularly urgent, they'll put an
 9 emergency clause, with nothing else, which means it takes
 10 effect immediately on the Governor's signature. And if
 11 it's something that more or less corresponds to the State
 12 fiscal year, they'll make it effective July 1st with the
 13 emergency clause. But if it's not as urgent, something
 14 more routine, they'll delay it to November 1st so it has
 15 time to get into the published statute book.
 16 The other, Senate Bill 1418, becomes effective
 17 on August 21st, because if they don't have an effective
 18 date, and they don't have an emergency clause, they take
 19 effect 90 days after adjournment sine die in the
 20 Legislature, and that particular Bill had neither an
 21 effective date nor an emergency clause.
 22 Water and Wastewater and Lab. Senate Bill
 23 1187 was driven largely by the City of Norman, and more
 24 particularly the Central Oklahoma Master Conservancy
 25 Districts. Certainly there were other municipalities

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1 that have an interest, but Norman was probably the most
 2 active in driving this particular bill. It was carried
 3 by two Norman legislators.
 4 It does a variety of things in a round about
 5 way. It encourages the Water Board and DEQ to be very
 6 active in reviewing and moving through permits for water
 7 reuse projects. Probably the most interesting feature is
 8 what is reflected by this bullet. It essentially says
 9 that if you are discharging – if you have a discharge
 10 that has concentrations of pollutants that are no greater
 11 than the concentration of those pollutants that are
 12 already in the receiving water body, then that's not
 13 considered to be a degradation of that particular water
 14 body.
 15 So that is the most notable feature, I think,
 16 of that particular bill. It probably does set the stage
 17 for Norman to move ahead on some of the things that they
 18 want to do, discharging upstream from Lake Thunderbird.
 19 1413, you may recall back a year or two ago
 20 there was a statutory change that eliminated a couple of
 21 our councils, combined those councils into the Water
 22 Quality Council, providing for representation from those
 23 councils on the expanded Water Quality Council. And this
 24 just clarifies that we want the Lab representative, or
 25 the Water Quality Council, to be a representative of a

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1 fairly comprehensive lab, one that's accredited for -- I
 2 forgot the exact terminology. Chris, general water
 3 quality?
 4 MR. ARMSTRONG: General water quality, or
 5 drinking water, or there's more specific bills of
 6 accreditation that apply within that. But we want them
 7 to be a representative of a lab that's accredited by our
 8 agency.
 9 MR. GIVENS: So, it really was just a
 10 clarification of what that particular representative --
 11 the qualifications that particular representative needs
 12 to have. Any questions about either of those two?
 13 On the Air, both of these are resolutions.
 14 They do not have the force and effect of the law. State
 15 Concurrent Resolution 39 simply says the EPA, in moving
 16 forward on its rules on CO2, is urged to allow the States
 17 the maximum flexibility possible in implementing those
 18 new CO2 rules.
 19 And HR 1070, as you can see there, it
 20 interposes an objection to the President's Climate Action
 21 Plan. It really focuses on agriculture, and even more
 22 specifically than that, on dairy cattle. If I can put
 23 this delicately, it basically says that our dairy cattle,
 24 their natural functions take care of themselves. That's
 25 the polite way to put it, I guess.

<p style="text-align: right;">Page 18</p> <p>1 Questions about either of those?</p> <p>2 A few Bills that were not enacted, I put the</p> <p>3 first one in red because this was the one -- there were</p> <p>4 three Request Bills that did not make it through. We had</p> <p>5 wanted to, since we are starting to get some of our</p> <p>6 Brownfields loan moneys back in, we had wanted to be</p> <p>7 allowed to collect interest on those repayments, the fund</p> <p>8 itself. That did not get through, and not so much,</p> <p>9 really, I think, because of any objections specifically</p> <p>10 to the concept. But there is a little bit of resistance</p> <p>11 in the Legislature to funneling money away from the</p> <p>12 General Fund, and even though this would have been a</p> <p>13 miniscule amount in the grand scheme of things. And</p> <p>14 there may have been a little bit of concern about that,</p> <p>15 and then there, frankly, were some political factors that</p> <p>16 came into play that caused that not to move forward. I</p> <p>17 suspect we will try again in the foreseeable future on</p> <p>18 that. And the rest of these, I don't know that I'm going</p> <p>19 to mention individually. I'll let you just read through</p> <p>20 those. Most of these did not make it past the initial</p> <p>21 committee deadline. So, they didn't get very far. There</p> <p>22 is some concern about wind energy, particularly in the</p> <p>23 eastern half of the State.</p> <p>24 Smart meters I think was -- I'm speculating</p> <p>25 here, but probably privacy concerns as much as anything</p>	<p style="text-align: right;">Page 20</p> <p>1 know what the agenda is behind that one.</p> <p>2 Water quality in Norman and Lake Thunderbird,</p> <p>3 probably driven in part by outside entities that have</p> <p>4 questioned the quality of Norman's water.</p> <p>5 Infrastructure and available resources, that's</p> <p>6 about all I know about that one.</p> <p>7 Groundwater use for fracking, not really our</p> <p>8 deal, but something that we have followed and will follow</p> <p>9 to see how it turns out. It's mostly the Corporation</p> <p>10 Commission involved there.</p> <p>11 Groundwater/surface water interaction sites</p> <p>12 and hydraulic testing, that's what that literally says.</p> <p>13 But you read the inscription, and that's the title on the</p> <p>14 Interim Study. But if you read the inscription, it</p> <p>15 sounds like it's as much about seismic activity</p> <p>16 associated with oil and gas exploration, fracking, and</p> <p>17 disposal as anything else. We'll have to see how that</p> <p>18 plays out.</p> <p>19 Representative Russ has an ongoing -- well, I</p> <p>20 would say a dispute with the DEQ about the extent of the</p> <p>21 lateral lines that may be needed for individual waste</p> <p>22 water systems, and he has requested an Interim Study on</p> <p>23 our rule-making associated with that.</p> <p>24 And finally, the wind industry in Oklahoma.</p> <p>25 As I mentioned earlier, there's a lot of discussion about</p>
<p style="text-align: right;">Page 19</p> <p>1 else. And core needs, there is a fairly vocal group in</p> <p>2 Tulsa that has a concern about core needs. So, that's</p> <p>3 where some of that came from.</p> <p>4 Okay. Any questions about any of those as you</p> <p>5 scan through those?</p> <p>6 Okay. The last thing, and again, I won't</p> <p>7 spend a lot of time on these. The first couple, these</p> <p>8 were Interim Study Requests by the House. The Senate has</p> <p>9 not yet published their Interim Study Requests, and even</p> <p>10 these are merely requests. It's up to the Speaker to</p> <p>11 decide which ones of these will be approved to move</p> <p>12 forward.</p> <p>13 The first couple have to do with budgeting.</p> <p>14 As I mentioned earlier, there's some concern that too</p> <p>15 much money is being funneled out of the General Revenue</p> <p>16 ear-marked, if you will. So there's some request for an</p> <p>17 Interim Study on that. Our Revolving Fund, as Scott will</p> <p>18 talk about here in a little while, a large amount was</p> <p>19 taken out of our Revolving Fund, along with that of many</p> <p>20 other agencies. There will be a study, if approved, that</p> <p>21 has to do with the balance and use of Revolving Funds.</p> <p>22 Government modernization is kind of an annual</p> <p>23 thing. How well or how badly are we doing at modernizing</p> <p>24 government?</p> <p>25 Water, literally, that's all it says. I don't</p>	<p style="text-align: right;">Page 21</p> <p>1 further redevelopment, rights of lands owners, and all of</p> <p>2 that sort of thing that probably will come up during that</p> <p>3 particular Interim Study.</p> <p>4 Any questions about those?</p> <p>5 MR. WENDLING: Are most of these Interim</p> <p>6 Studies that are being proposed?</p> <p>7 MR. GIVENS: They have all been proposed.</p> <p>8 Friday was the deadline for the House to request Interim</p> <p>9 Studies. And at this moment, we don't know which of</p> <p>10 these will be approved. The Senate will request Interim</p> <p>11 Studies by the end of the month, and we will probably in</p> <p>12 July have a list of those.</p> <p>13 They operate a little bit differently, in the</p> <p>14 sense that it's generally left up to the Committee Chair</p> <p>15 to determine whether or not they are going to have any</p> <p>16 sort of hearing on those Interim Studies. From the</p> <p>17 House, the Speaker has to approve.</p> <p>18 Okay. Well, if I've left you lost, confused,</p> <p>19 unsure, unclear, perplexed, disoriented, or bewildered, I</p> <p>20 will ask one more time if there are any questions about</p> <p>21 any of this. All right. If you think of anything later,</p> <p>22 please let me know. Thank you.</p> <p>23 MR. THOMPSON: I'm going to go over our</p> <p>24 budget. And a word of caution, our budget is always a</p> <p>25 moving target. This is our best snapshot of where we are</p>

<p style="text-align: right;">Page 22</p> <p>1 now and what we are likely to turn in as our budget. But 2 depending on -- okay. There we go. 3 These are the sources of the revenue that the 4 agency has, Federal grants. The Revolving Fund is fee 5 money, as well as penalty money; and the general revenue. 6 The general revenue also goes into the Revolving Fund. 7 This is a pie chart describing the 2014 fiscal 8 year budget, and there are some changes primarily in the 9 Federal grant money. We get a little more Federal grant 10 money. There's also -- you know, you will see, as we go 11 through the budget, that there's some reductions in our 12 General Revenue and in our Revolving Fund, our cash 13 balance. 14 So, this is the 2015. You see we got about \$5 15 million for a -- that we expect to get this year for a 16 Superfund cleanup, the Tulsa Fuels site in Collinsville, 17 Oklahoma. There's a chance that will not get funded this 18 year, and so that money will just not show up in our 19 budget. But if it does, we're going to have it in there 20 so that we can spend it and do the cleanup. And we also 21 have to match that with some State dollars, and I think 22 I'll show that a little later. 23 This is a breakdown by division. The Land 24 Division, LPD, it looks a little bit large because they 25 do have a bunch of cleanup projects. So, we get one-time</p>	<p style="text-align: right;">Page 24</p> <p>1 we came up with the \$7 million, and in reality that's 2 about a 21 percent reduction that we'll have from 2014. 3 And I want to say, this was a very tough 4 budget year for everybody. We had more total income in 5 the State than ever, but there was an over estimate of 6 income in some areas the year before. So, too much money 7 was budgeted in 2014, which left us about a 190 8 million-dollar shortfall for 2015, and that's why there 9 were so many reductions, and a number of agencies' 10 Revolving Funds were hit, their cash balances were hit. 11 And pretty much everybody got the 5.5 percent. We got a 12 little more. 13 So that shows the total reduction from last 14 year, this coming year is \$1.9 million in the general 15 revenue appropriated dollars. And most of that money, it 16 goes to the normal complaints and local services, all of 17 our local offices across the State, the Laboratory and 18 the Water Quality Division. The other divisions are 19 totally fee funded, and we are Federal grant funded. 20 We have taken three public water supply rules 21 recently, and there are one or two more coming at us, 22 which we're not certain that we're going to be able to 23 take primacy for. There's one that EPA threatens if you 24 don't take it, they take back; the Total Coliform Rule. 25 Whether they really mean that or not, I guess we'll see.</p>
<p style="text-align: right;">Page 23</p> <p>1 funding for those from the Federal Government, and/or 2 with some State funds we have to match with. They also 3 carry some money in a balance that is for our Voluntary 4 cleanup Program. Which the way that works is, most of 5 the entities that we work with, private companies and 6 such, we ask for them to cover the State's oversight 7 cost. So, we agree on a dollar figure. Usually it's 8 about \$5,000 if it's a very large site. If they write a 9 check to us, we put that in, and we draw into that. If 10 the work continues on for some period of time and we need 11 to replenish that, then we work that out with them, and 12 they replenish the dollars in that. And if, at the end 13 of the project, there's money left over, we are supposed 14 to refund that to those folks. 15 So, even though it shows up in our budget and 16 is held in our Revolving Fund, it's not really our money 17 unless we code to it and do work on it. And if I recall, 18 there's probably \$500,000 in that account right now. 19 The 2015 Budget. As you see, in 2013 we were 20 about seven and a half million. 2014, we went up to 21 nine, and in 2015 we got reductions again and went down 22 to about seven. So, the bump from last year was for the 23 Public Water Supply Program. And then they took an 24 additional 5.5 percent off of the top after moving the 25 million and half we got the year before. So, that's how</p>	<p style="text-align: right;">Page 25</p> <p>1 But I think we'll just have to cross that bridge when we 2 get there and try to determine what that is. I don't, at 3 the moment, have a good cost estimate for what it would 4 require to take those two programs, but we'll come up 5 with that and submit them to you probably in the next 6 week. 7 Okay. Part of what's happened in the process 8 this year, historically -- yes, John. 9 MR. WENDLING: Can you go back to the previous 10 slide? 11 MR. THOMPSON: We'll see if I can. 12 MR. WENDLING: So, we received primacy from 13 the EPA to implement those projects, and we've used that 14 money for that. So, if we don't have that money, are we 15 still going to try to do those, or are we going to send 16 those back to the EPA to administer? 17 MR. THOMPSON: We are going to try to do 18 those. I would say that, you know, at the moment I don't 19 know that I have great confidence in the dollars 20 requested the year before as being totally accurate in 21 terms of what we needed. And I was hoping to be able to 22 stay level and go through that, and figure that out, and 23 see what we can adjust, and then probably be able to 24 commit to not trying to raise any fee's for a long time 25 to come, but that's not what happened. So, we are going</p>

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1 to reevaluate that, and we're going to look pretty hard
 2 at it.
 3 What we've done with the budget, we're going
 4 to show you where we've had the cuts based on the general
 5 revenue cuts, and then also taking \$12 million in cash
 6 out of our Revolving Fund, and that, I guess, comes out
 7 July 1, probably.
 8 So, we are going to show the impact of that,
 9 but when we actually do the budget, we are going to
 10 budget based on what we expect to have. So we fill some
 11 of those holes a little bit by shifting some things
 12 around and by not doing some other things, and we'll try
 13 to explain all of that.
 14 But our agency is very broad, very large, and
 15 we have a lot of different programs, and we have a lot of
 16 different revenue sources. And the revenue shows up at
 17 different times through the year from different ways, and
 18 so it's pretty complex to try to really and fully
 19 understand the budget. It's not like we get X dollars at
 20 the start of the year, and we spend off of that. It's
 21 throughout the year income comes in, and you have to
 22 adjust what you do. And so, all of the income is
 23 estimated, even the appropriated dollars.
 24 This year and the year before, towards the end
 25 of the session, we've lost like one or two percent in

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1 terms of what we expected to actually receive in
 2 appropriated dollars. So, that wasn't a huge amount of
 3 money. But last year we did pretty good in some of our
 4 fee balances and stuff, and having extra fee income that
 5 we hadn't anticipated. But that's not always the case.
 6 There are years when we have shortfalls in fee income,
 7 and there's years when we have people that don't pay for
 8 certain fees, and we have to kind of change that around
 9 and deal with it.
 10 So, again, as we go through the year, we'll
 11 adjust what we do, and we'll continue to -- we'll have to
 12 constantly look at income, and is it what we expected it
 13 to be. And if it's not, we'll have to make further
 14 adjustments in what we are able to do throughout the
 15 year, which projects we can do and what we can't do. And
 16 if we have additional fee income, and it's within our
 17 budgetary ability to spend it, we may have to review
 18 what's out there and put back some of the money that
 19 we've had to remove from, say, the County Commissioners,
 20 or Rural Water Districts, or Rural Water Associations,
 21 and some of the work they do for us. We may be able to
 22 do some more local projects that right now we don't think
 23 we can do. So, we'll just have so see how it works out.
 24 And there's some things, like the Tire Bill,
 25 there's money that accrues in the Tire Fund to do to tire

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1 dump cleanups. We also got in that we could do some
 2 local projects from recycled tire materials. So, if
 3 enough money accrues in that account, we can't really use
 4 it for anything else -- actually, it doesn't need to
 5 accrue in our account, but we authorize the expenditure
 6 of it. So we might be able to -- in addition to cleaning
 7 up some tire dumps, we might be able to advertise across
 8 the State for some projects, like maybe a county road
 9 project to use rubberized asphalt, rubberized asphalt
 10 playgrounds or walking trails, or something like that.
 11 And then, of course, we have to build up to accrue enough
 12 money to actually do a project before we let them bid on
 13 a project or agree to sign a contract to pay that amount.
 14 And that's one of the challenges, when you
 15 look at our budget from the outside maybe, and looking at
 16 the cash balance that we have in the bank, and thinking
 17 about this fiscal year versus next fiscal year. Well,
 18 the reality is, for things like armory clean-ups, we had
 19 to have a full amount accrued before we could let bids on
 20 that project. And so, we do have carryover, and we do
 21 have to make payroll, and the things at the first part of
 22 the fiscal year. So we have to carry some carryover
 23 through June to pay the bills in July and August as some
 24 other income is coming in.
 25 And I will have to say that the PeopleSoft

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1 financial program that the State invested in is a
 2 challenge to get an accurate snapshot today as to exactly
 3 where we are. It takes a while for that program to sort
 4 of settle out, and move some money around from account to
 5 account. And so, much of the time, we are operating on
 6 estimates of what we expect to come in, and we have to
 7 validate that a little later as to whether or not we did
 8 actually get that, and to write checks and stuff.
 9 And so, this transition from the last fiscal
 10 year to the next one is not as simple as -- we don't just
 11 shut off, you know, we don't shut down stuff that didn't
 12 work. We are able to -- if we have accrued funds, then
 13 we can let a project like this to cleanup an armory or do
 14 some local project. If not, we have to wait until that
 15 money accrues to the next fiscal year. And it could cost
 16 two or three months or more to be able to do that.
 17 So, the first of May, we had about \$27 million
 18 in our cash balance, and we had seven projected for
 19 payroll, another three encompassed for fiscal projects or
 20 payments we had to make for things. And then we had
 21 about a million dollars extra there.
 22 And then we had a bunch of funds in there for
 23 long-term projects. This is all -- but when you're
 24 looking at the cash balance on OMES website, or whatever,
 25 you just see the total balance. You don't understand

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1 what it's all there for. As well as at the time their --
 2 I don't know if this is fixed or not -- but their program
 3 was overreporting. It was double counting some income,
 4 and so it actually showed 30, and we only had 27.
 5 So, anyway, these long-term funds, we had some
 6 penalty money. We had some money that accrued in Air,
 7 based on the money that comes from the tire fees. And
 8 then we had those voluntary clean-ups, and that's not
 9 really our money until we code to it and draw down on
 10 that. Then there's the fuel tax money that goes for
 11 armory clean-ups and other projects like that.
 12 We had some settlement funds from some
 13 historical clean-ups that we had gotten some settlements
 14 on from some private parties, and we had some small
 15 communities funds. And we had another set of settlement
 16 funds for Historical Bankruptcy Settlements. And that
 17 one was destined for a smelter site in Kusa, or most of
 18 that money was.
 19 And then We had \$200,000 for the audit that we
 20 were planning to do for the Public Water Supply. And we
 21 had a little bit left over to be transferred to the
 22 Wildlife Department for some natural resource damage and
 23 restoration work. And then we had another couple of
 24 million dollars from a separate ASARCO settlement that we
 25 were planning to use. It was really in the Secretary of

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1 Environment's bank account for awhile, but they
 2 transferred it to us because they wanted us to do another
 3 Passive Water Treatment project up at Tar Creek with it,
 4 and that will be used to match Federal funds, and so it
 5 could bring in nine times as much Federal dollars.
 6 So, when we had to cut 12 million July 1st out
 7 of that, this is pretty much what we had to give up to
 8 meet that cash and still be able to continue to function
 9 and do the things that need to be done in terms of
 10 protecting public water supplies and such.
 11 Most of those are clean-ups, and we gave up
 12 the remaining penalty money that wasn't already spoken
 13 for or incumbered, and we gave up quite a bit of that Air
 14 money that was already there.
 15 Now, the parking garage modifications, that's
 16 what we could have put towards our parking garage fix. I
 17 don't know if you guys have spent much time in our
 18 parking garage, but it's in about the same condition as
 19 the State Capitol. There's some things falling off the
 20 ceiling on people's cars, and stuff like that. And once
 21 upon a time, I think in 2007, the agency decided it was
 22 going to cost about \$4 million to build a new garage, and
 23 it was cheaper to build a new garage because this garage
 24 is sandwiched between a current building and another
 25 parking garage. So it's really part of those structures

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1 as well.
 2 And the pillars were built very, very, very
 3 well. It's a very stout infrastructure. But the rebar
 4 and the concrete that are at the parking levels
 5 themselves, it would be very costly to go in and try to
 6 tear that out and replace that with the existing stuff.
 7 So, the demolition of it would be very expensive, and the
 8 repair would be very expensive. So, it would be cheaper
 9 to build a new parking garage in our current visitors
 10 parking lot. With the current prices, we estimate about
 11 \$6 million to do that.
 12 So, at some point, we would like to be able to
 13 accrue enough money to actually do that, because it's
 14 necessary. We don't even have enough parking for our own
 15 employees right now. There's some consideration -- we
 16 have a third floor that's used as a warehouse currently.
 17 We even looked at -- Wildlife was looking for a temporary
 18 location for -- well, their whole building has to be
 19 repaired. They've got some major structural issues. And
 20 we looked into that, but it wasn't really feasible to get
 21 them there if we don't have enough parking. We also
 22 have -- that's not on our current air handling system.
 23 Where Southwestern Bell has their computers
 24 and stuff, and it has a totally separate air handling
 25 system, which is no longer there or functional. So, it

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1 would take some capital improvements to be able to
 2 allow -- to have allowed the Wildlife Department, or
 3 maybe someone like the Water Resources Board was looking
 4 for another location, to be able to move onto that floor.
 5 Anyway, so that's a major capital expense that
 6 we would like to plan for at some point and figure out
 7 how to deal with before it really does start falling down
 8 completely.
 9 Okay. This is where we took the General
 10 Revenue cuts. And where we say we're going to cut
 11 technical assistance for the public water supply, that
 12 was kind of where the bulk of the general revenue that
 13 was added to the agency was planned to go before. But
 14 I'm pushing really hard. This does not mean that we're
 15 going to stop helping people. And some of what we're
 16 going to do is shift some of this help to the County
 17 offices to do, and involve our County folks more, and
 18 educate them more on the upcoming programs, and how to
 19 comply with some of these new rules and have them work
 20 closer with the folks in the cities that they work with.
 21 And we are going to just find a different way to do it
 22 than we were planning to do it. We may do more online
 23 stuff. We may prepare more written materials that are
 24 available.
 25 We recently, this month, have been going

<p style="text-align: right;">Page 34</p> <p>1 around doing some seminars for everybody across the State 2 on these new rules and things like that, and that was 3 going very well. So, if I can, I would like to find a 4 way to continue those efforts somehow, because I think 5 that's critical. The better we can educate people and 6 walk some folks through these processes, because some of 7 them are pretty complicated, and we've just got to 8 continue to do that. So we are going to take these cuts 9 one way or another, but we have shifted some things 10 around to try to deal with that.</p> <p>11 Okay. This is a snapshot of the anticipated 12 income for the Air Quality Program. And you see in 13 parentheses, we anticipated taking that amount as an 14 indirect cost cut to cover administrative services, and 15 our IT costs, and a couple of other miscellaneous things. 16 So that's mostly -- that's all fee income. And let's 17 see. We also show -- yeah. Now, on this slide you see 18 the fee income, plus the Federal grants that we get, and 19 some projected carryover.</p> <p>20 So, at the bottom is a carryover for this 21 coming year. And again, this is all projections. You've 22 got to put some cushion in your budget because if the 23 money doesn't show up, you've got to cut somewhere, and 24 you have to have somewhere to cut. If you get to looking 25 like you're going to carryover too much money, you can</p>	<p style="text-align: right;">Page 36</p> <p>1 there's a variety of programs and fees, and unless you're 2 really digging through the details, the Radiation 3 Program's fees are so complicated I can't remember how 4 they work. But there's a number of different fees within 5 the Radiation Program.</p> <p>6 Okay. And then there's the Land's fee, plus 7 Federal grants, and possible projected carryover. So, if 8 you go all the way down for 2015, you'll have, you know, 9 maybe a million dollars, \$900,000 in carryover, if all of 10 the income shows up, and if all of the expenditures go 11 out as expected.</p> <p>12 So, this is Land's overall budget for 2015, 13 and you can see the numbers in the red. There's some 14 large cuts, mostly in cleanup projects that will not 15 happen across the State. We did build in matching the 16 Federal Superfund Project that could show up this year, 17 because if we miss that Federal funding, we know, if it 18 shows up and we can't match it, we might not see it again 19 for years. And so we wanted to get that project cleaned 20 up, you know, and make it less of a detriment to the City 21 of Collinsville. It would be nice to get that done this 22 year. We also have a little bit of match built in for 23 some projects at Tar Creek.</p> <p>24 Okay. These are the armory projects that will 25 not happen this year. Hopefully we will get them done in</p>
<p style="text-align: right;">Page 35</p> <p>1 probably start some new projects, et cetera, and deal 2 with that. But we do have to make payroll and such next 3 July as well.</p> <p>4 And if we hadn't taken some of the cuts we 5 have throughout this budget, we would probably have been 6 in the red quite a bit. In the old days when you talked 7 about how much cash you had, you looked at it from a 8 budget standpoint. You looked at where you were really 9 in the red and places where you hadn't received payments 10 on things, or carrying a lot of debt in some area versus 11 your actual cash balances or income, and where you were 12 in the black when you looked at what the difference was. 13 Now, the way things are online, people just look at the 14 cash in the bank, and they don't look at where you're 15 carrying the deficits, and how much you're in the red 16 here or there. That doesn't really come into play in 17 terms of the way they looked at the budget this year. 18 So, that's just part of how it went.</p> <p>19 Okay. This is a snapshot of the Air Program. 20 Do you see the middle column? There's nothing in that 21 middle column. In the next slide, you'll see numbers in 22 red, which is where the cuts showed up. So, Air is 23 pretty healthy at this point.</p> <p>24 The Land Protection Division. This is the fee 25 income for the Land Protection Division. As you can see,</p>	<p style="text-align: right;">Page 37</p> <p>1 the future years. That's a good program. If you're not 2 familiar with it, we're cleaning up armories that the 3 State of Oklahoma's Military Department is taking out of 4 service. And when they do that, that's supposed to go 5 back to the community, because usually the land and such 6 was deeded by the community to the National Guard. And 7 so, we're going in and taking care of the things like 8 asbestos, lead paint, the firing range, if the facility 9 had a firing range. And a lot of those facilities are 10 being put back into good use. I think we have one here 11 in McAlester that we were doing, or that's done. Yes, 12 that's done.</p> <p>13 Okay. So, that's a great program. I like 14 doing that. There's also some that the State gave away 15 previously to communities, which are in use, and the one 16 at the Tonkawa and the one at Okmulgee are used as -- or 17 by the schools. They are not classrooms, but maybe as 18 gymnasiums or something like that. And so we have kept 19 those two in the budget because of those uses, and so we 20 can take care of those this year. We decided that was 21 too high a priority to put off any further.</p> <p>22 And we also do projects on some of the orphan 23 sites where commissioners and Land offices and other 24 State agencies own property that was used as a firing 25 range, and we're going to help them with about a \$600,000</p>

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1 project. And we may see if we can come up with funds to
 2 do that Kusa Smelter site, and have settlement funds to
 3 cleanup the whole smelter site, which we are going to
 4 have to pay that back or ask for immediate appropriation
 5 for that money back to try to get that project done.
 6 The impact of not doing these cleanups.
 7 Basically, it's all redevelopment of a lot of these
 8 properties or reuses, and that can, you know, have the
 9 potential for exposures to things, or, you know, it just
 10 doesn't -- if there's something sitting there and not on
 11 the tax rolls and not being useful, and it's a negative
 12 economic impact compared to what it could be. And a lot
 13 of reuses of these facilities are pretty neat. I've been
 14 to a lot of the ceremonies that we do for the clean-ups,
 15 and it's always kind of fun.
 16 We have done, historically, a lot of land
 17 reclamation projects. We've helped the OERB do salt scar
 18 repairs and such, worked with the local Conservation
 19 Districts in some places to do some of these projects.
 20 And we also historically have given money to counties for
 21 chippers and shredders and things like that, or other
 22 equipment, to try to divert things from the landfills
 23 that don't need to be in a landfill, and use them in
 24 other ways, and we're not going to have money for that
 25 this year.

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1 The Water Quality Division's income from fees
 2 is there, about 5.6 million. And then there's our fee
 3 income from Federal grants, some appropriated dollars,
 4 and then we have a few hundred dollars projected to
 5 carryover so that we can pay the bills on July 1st if we
 6 need to.
 7 The 2015 Budget. These are the General
 8 Revenue cuts in Water Quality. So, basically, we are not
 9 going to fill quite a few positions is one way we're
 10 taking some of those cuts.
 11 MR. BLANKENSHIP: Are those just vacant
 12 positions at this time?
 13 MR. THOMPSON: Yeah. We're not terminating
 14 any employment at this time. We're not going to fill
 15 current vacancies. It remains to be seen, as we go
 16 through the year, and it depends on income and how things
 17 are going, we may choose not to fill some of the future
 18 vacancies as they come up.
 19 MR. BLANKENSHIP: Okay.
 20 MR. THOMPSON: We'll just have to play that by
 21 ear. You'll see that in the local office's budget as
 22 well --
 23 MR. BLANKENSHIP: Okay.
 24 MR. THOMPSON: -- that we're not going to fill
 25 quite a few positions. And we are going to have to do a

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1 few, because we have some big gaps from people that have
 2 left the agency, that have retired or whatever. And we
 3 really can't operate very efficiently at all without some
 4 local offices in some parts of the State.
 5 So, there's Water Quality's overall budget for
 6 2015. And you see the left column. I didn't explain
 7 that earlier. But that's what we originally proposed
 8 when we were doing our allocation for the year. That was
 9 a few months back that we projected that based on,
 10 basically, the previous year's situation. And then we
 11 took the cuts, and that's what the actual 2015 Budget is
 12 most likely to be like when we submit it.
 13 These are some of the impacts on Water
 14 Quality. The TMDL projects, Total Maximum Daily Load,
 15 are studies that are done on streams. It's not an EPA
 16 rule, but we get Federal funding through a Federal grant
 17 to do those. And we have taken a hard look at those as
 18 this year started. We have some concerns about the way
 19 those were set up to be done, and what the impacts of
 20 those are. Because even though it's not a rule, it leads
 21 to requirements of how you set permit limits for some
 22 streams. And the minimum TMDL could lead to making it
 23 impossible for current dischargers or any new dischargers
 24 to be able to use certain streams segments, and that
 25 could really be a serious problem across Oklahoma in

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1 terms of being able to maintain existing industries in
 2 communities, as well as having any chance to bring in new
 3 ones.
 4 And so, we think that the way it was being
 5 done was a little bit arbitrary in terms of what you call
 6 an impairment. If you decide that the stream is
 7 impaired, then you have really strict limits on any
 8 additional discharges, terminating any existing
 9 discharges the way the impairment was set. It was
 10 basically set on a 1970's stream data from very few
 11 points. And if you average it, and then you apply that
 12 average to the whole basin, and it may be hard to
 13 represent a natural variation in that basin.
 14 So, we have to submit 45 of those to EPA by
 15 the end of the Federal fiscal year, which is September
 16 30th, and we're going to work that out, and try to find
 17 45 that don't cause any major turnover, and do that. But
 18 we may have to revise some of the other ones that we have
 19 previously done, and try to verify and validate the
 20 additional ones we have to do. So, we have a total of
 21 300 or so, and maybe more, that we have to do. So,
 22 that's a significant item that we may consider once we
 23 get our heads around this issue and determine what it
 24 might take to do that. We might ask for some additional
 25 funds in the new year to conduct those.

<p style="text-align: right;">Page 42</p> <p>1 It's going to take longer to do things in some 2 of our programs. It may take longer to get permits out. 3 It could take longer for processing certain things, and 4 we may reduce the number of people we send to training, 5 which isn't always a good thing. And we may have to 6 shift some of the money from the DWSRF Fund. I don't 7 have all of the details of this down perfectly yet. But, 8 basically, we can use up to 31 percent of that for 9 operational costs. We typically do not, and we use quite 10 a bit less. And we are not going to use the whole 31 11 percent, but we may shift about \$500,000 over to the 12 County offices and have them do some additional work in 13 Water. And so that will be 500,000 that won't go over to 14 the Water Board to be available for loans. 15 And that's -- you know, it's an allowable 16 cost. We're going to look at it, and we're going to do 17 good things to preserve our abilities in County offices. 18 But, again, that's money that won't go to the Water 19 Board, and can't be leveraged against other money. And 20 I'm going to meet with J.D. Strong, the Director of the 21 Water Resources Board, and go over that with him to make 22 sure that that's not going to be too big a problem. But, 23 you know, we would rather see that money there, because 24 when you give it out in loans, it comes back, and you get 25 to loan it out again.</p>	<p style="text-align: right;">Page 44</p> <p>1 are going to have to probably fill three positions this 2 year of the current vacancies to try to cover the State, 3 at least in a minimal way. 4 There is the projected -- the proposed 2015 5 Budget, and that's what we think the actual amount will 6 be, and that shows where we're taking cuts. ECLS pretty 7 much is all people. So, when you're cutting them, you 8 have to cut bodies. 9 We may have to reduce how much time we have 10 when people have to travel further because we're closing 11 offices or don't have adequate staff in a given office to 12 cover an area. But they just have to drive further. It 13 takes longer to get to an event, to do an inspection, or 14 to do something, to go investigate a complaint. And so 15 there's a balance there. You can't -- you know, you're 16 not always saving money if you have to drive too far, and 17 especially if you can't do as many events in a day. So, 18 the ECLS folks have a pretty good system for trying to 19 track workload, and make sure they're covering parts of 20 the State. But we're getting pretty low. 21 I think Gary may have some information on how 22 many people we started out with when we were at our high 23 point as an agency, which has been years back. But we 24 have cut back quite a bit in terms of numbers of 25 individuals and numbers of county offices, and we're</p>
<p style="text-align: right;">Page 43</p> <p>1 Okay. Our County Offices of Environmental 2 Complaints and Local Services Division. This is their 3 projected income from fees. And their fee income does 4 not come close to covering their total costs per year. I 5 think it's maybe half, roughly. And then there's fees 6 from Federal grant money, mostly out of Water that they 7 access. And then Land, they have some funds as well, and 8 it takes quite a bit of State Appropriations to do that, 9 and we keep money to do that. 10 And then, these are the cuts to the ECLS. 11 There are quite a few positions. We are already closing 12 the Miami office and the Ponca City office. We have 13 previously been unable to fill the Enid and Woodward 14 offices, and a position in Burns Flat, because, 15 basically, we couldn't attract people that we felt were 16 quality candidates for what we were paying. 17 We did hire someone in Woodward that couldn't 18 afford to live there with the oil boom and the lack of 19 available places to rent with the price of rent. That 20 person quit pretty quickly after they figured out that 21 they couldn't afford to live in Woodward. So, that's a 22 significant issue in terms of looking at salaries and 23 compensation. And we are going to have to fill somebody 24 in that area, because we have -- the closest offices to 25 those two are Stillwater, Guymon, and Burns Flat. So, we</p>	<p style="text-align: right;">Page 45</p> <p>1 pretty much at bare bones, or right at that point, or 2 maybe a little below to have ideal coverage. 3 So, it's going to take longer to respond to 4 complaints and do things, and we may cut back on the 5 number of inspections that we do in some areas, which I 6 think some folks would be happy about. But, you know, we 7 are going to do the best we can with what we have to work 8 with, and that's the bottom line of how this whole budget 9 is put together. 10 Okay. This is the Labs, the fee income. And 11 they do a lot of work for other State agencies. This is 12 their Revolving Funds, Federal grants, State 13 Appropriations, and money coming from other divisions for 14 projected work from other divisions. And the Lab is 15 going to have to cut some staff, as well as some planned 16 expenses on replacing laboratory equipment and stuff. It 17 puts you a little bit at risk that if something breaks 18 down you may be in trouble, in terms of being able to 19 continue to produce all of the reports and to do all of 20 the analyses you have to. 21 That's a key item, to try to keep our 22 laboratory up-to-date, with equipment not getting too 23 old, or having the ability to replace it quickly or 24 repair it quickly. 25 There's the overall proposed budget, and the</p>

<p style="text-align: right;">Page 46</p> <p>1 actual budget, and the cuts for the Lab. 2 There is the ASD. Legal services that is also 3 an entity as far as personnel, and all of our finance 4 personnel, IT functions that are in the agency itself for 5 the communication with the centralized IT folks comes 6 through this division. 7 We also have the Office of External Affairs, 8 an Office of Communications, which I think you guys are 9 pretty familiar with. The External Affairs guys are out 10 helping people with permit issues, and doing small 11 business assistance, assistance on trips to Durant to try 12 to recruit some new industry in Oklahoma. So, that's 13 some of the work that they do. 14 We have our Central Records also in 15 Administrative Services. We process over 40,000 fee 16 payments annually with 30,000 invoices. So, I guess we 17 do more work in finance than I thought. Yeah, we have to 18 have a lot of transactions. And then, trying to track 19 all of those, especially with our new fangled IT system. 20 I kind of miss our old systems. It was a little bit 21 troubling, but it was a little easier to tell where you 22 were in the central records. 23 This is our overall budget for ASD. 24 Basically, that's where all of the indirect goes to cover 25 that division and those functions. Some of those folks</p>	<p style="text-align: right;">Page 48</p> <p>1 that in August we will be brought the fiscal year 2016 2 Budget, and whatever adjustments -- what the impact of 3 2015 will probably be incorporated to some degree in the 4 2016 Fiscal Year Budget. So, even if certain things were 5 delayed, I'm assuming that Scott and the group will try 6 to pick it up next year. 7 But one thing I want to do is recognize Scott 8 and his people for getting us a change -- a quick change 9 in the budget, getting together, and looking at its 10 impact, and then trying to mitigate the impact as best 11 they can. So, I think they've done a great job. It's 12 not without an impact to the agency, but it's not without 13 an impact to what the agency administers for the public 14 benefit. So, you can see there are specific 15 implications. But everyone was impacted in the State. 16 It's no different than each of us as individuals, 17 sometimes things come our way, and we have to make 18 adjustments in our own personal lives. So, what I see 19 here is -- what I want to do here is recognize the 20 Department for the efforts they put into making these 21 adjustments. So thank you very much. 22 Any other questions? What I would like to do, 23 I was told we had another visitor that joined us a little 24 while ago. I would like to recognize Senator Larry Boggs 25 for Senate District 7. Larry.</p>
<p style="text-align: right;">Page 47</p> <p>1 may code individual projects or independent Federal 2 grants day-to-day, but there's also indirect costs. You 3 see that in total. Again, this current fiscal year it's 4 500,000, and we project no carryover at all for next 5 year. 6 So there is the 2015 Proposed and Revised 7 Budget. Okay. I guess that's the end of the show. Does 8 anybody have any questions? 9 Well, we'll make this available to you guys if 10 you want a copy of it. And, again, we are always 11 available for questions. So, feel free to holler or stop 12 by the office any time. 13 MR. WENDLING: Scott, thank you for providing 14 the overview for the public. This is for many of you 15 maybe the first time of seeing this type of detail. But 16 for those that are new, each year, usually the August 17 timeframe, the Board approves the proposed budget for the 18 next fiscal year. 19 All right. So last August we were presented a 20 budget. We approved it for fiscal year 2015. So what 21 Scott was showing all of us is the impact of the 22 adjustments that he had to make that the whole -- really 23 State made due to changes within the State budget. 24 So, Scott, I appreciate you giving us the 25 overview. One of the things I wanted to do is mention</p>	<p style="text-align: right;">Page 49</p> <p>1 SENATOR BOGGS: Sorry I was late. 2 MR. WENDLING: Would you like to say anything 3 to the group? 4 SENATOR BOGGS: I'm just here to listen and 5 learn. And if you need anything from my office, call. 6 MR. WENDLING: We've been here about an hour 7 and 15 minutes, and what I would propose, instead of 8 moving immediately to the next Agenda item, is we take 9 about a quick five-minute break, except we do have to 10 come out of session. So can I have a recommendation for 11 a -- or do we have to come out of session? 12 MS. KUNZE: No. 13 MR. WENDLING: All right. We don't. So, 14 we'll take five minutes, and we'll be back promptly. 15 (Break taken from 11:15 a.m. to 11:24 a.m.) 16 MR. WENDLING: This wooden gavel works better 17 than I thought it did. I'll have to remember that next 18 time. 19 All right. Hopefully everyone had a few 20 minutes to stretch, and let's go ahead and begin again. 21 We are up to Agenda Item Number 5, which is Division 22 Director reports. 23 Scott, do you want to give any information on 24 that? 25 MR. THOMPSON: Well, we've asked each director</p>

<p style="text-align: right;">Page 50</p> <p>1 to give you guys a very brief ten minutes on the key 2 things that are coming at them this year, or how they are 3 dealing with the budget cuts in their division. And I'm 4 sure there's some Federal rules coming at us in Water and 5 Air that are going to make life interesting. And, you 6 know, so far we haven't got, you know, really detailed 7 explanations for what they mean from the Federal 8 Government from the folks who have written them, and we 9 are in that process. And so we'll turn it over to the 10 directors.</p> <p>11 MR. WENDLING: Thank you. We're going to keep 12 a timer up here to kind of move the meeting along. I 13 hate to do that, but we'll allow about 10 minutes per 14 person. So, with that, I think, Lloyd, it's your turn.</p> <p>15 MR. KIRK: Good morning, everyone. Is that 16 on? There we go. Now it's on.</p> <p>17 Good morning, everyone. I just generally 18 thank you all for the opportunity to give you an update 19 for the Office of External Affairs.</p> <p>20 As you know, in the last Board Meeting, Scott 21 gave you an update. He started this new office back in 22 January. Scott asked me to basically reinvent the 23 Customer Assistance Program. Reinvent is a big word. We 24 weren't starting from scratch, but the Customer 25 Assistance Program had been in existence since 1993, but</p>	<p style="text-align: right;">Page 52</p> <p>1 you notice it's not customer enforcement, it's customer 2 compliance. We want to have compliance.</p> <p>3 So, basically, we are working with all of the 4 Divisions to assist regulated entities, and we're trying 5 to provide a one-stop-shop. We want to be a liaison with 6 the regulated entity and all of the divisions. We want 7 to solve problems, you know, as per Scott's initiatives, 8 with a new philosophy and approach. And we have been 9 solving a lot of problems over the past few months.</p> <p>10 We want to change the culture. And I really 11 believe this, in regards to customer assistance, every 12 employee is an ambassador of the DEQ every day.</p> <p>13 On the Technical Assistance. That is just a 14 couple of examples both internally and externally. As 15 some of you know, under dual permitting the -- Saba has 16 been working on this for over a year, and the Class II/V 17 Injection Well Permit, that is a first in the Nation, 18 saving communities money by allowing disposal of the 19 reject water into a Class II injection well instead of 20 constructing a Class V injection well, plus permit fees.</p> <p>21 So, you know, Oklahoma is taking the lead.</p> <p>22 Internally we're evaluating the permitting 23 process from a system's perspective to make it more 24 effective.</p> <p>25 From the Permit Assistance side, these are a</p>
<p style="text-align: right;">Page 51</p> <p>1 he wanted it changed. So, we reinvented a lot of things 2 in the last few months. So, this basically is an update 3 of the last few months.</p> <p>4 We had to plan what our core functions were 5 for External Affairs. And, basically, you can see that 6 right here as far as communication; customer/compliance 7 assistance; technical assistance; permit assistance; 8 permit/enforcement ombudsman, which is Saba; small 9 business assistance ombudsman, which is myself; and 10 outreach events, and special projects.</p> <p>11 On communication, we just wanted to basically 12 produce one of Scott's initiatives as far as a new 13 approach with DEQ. "A common sense approach regarding 14 enforcement and permitting throughout all Divisions." 15 So, basically, we've been doing that internally and 16 externally, and promoting compliance instead of 17 enforcement. We've incorporated it on our website. If 18 you go to the front page, it's called Experiencing 19 Permitting Obstacles on our DEQ website. If you hit 20 that, it will go straight to Saba. So, if you have a 21 problem with a permit, and so it's for the outside 22 regular community. I think it's very effective, and we 23 are currently working with the IT on our own specific 24 webpage.</p> <p>25 On the Customer Compliance Assistance, and if</p>	<p style="text-align: right;">Page 53</p> <p>1 few of the businesses that we have been visiting with. 2 We have a great Permit Assistance team that we've put 3 together. And actually, I've asked the directors from 4 each division to visit, and we have just recently done 5 this -- well, we went from a one-page to an eight-page 6 document as far as all of the permits required, and it 7 became invaluable.</p> <p>8 As Scott mentioned, the last slide, it's 9 Project Cannonball. The company flew in from -- I think 10 Waco is what the guy told me. But when I introduced 11 myself, they wouldn't even say their last names. We 12 don't know what they're going to manufacture, but they 13 wanted 80 acres, 250,000 square feet. They are going to 14 use a lot of electricity and a lot of natural gas, and 15 Durant is in the final four of this Nationwide 16 competition. So, Durant is excited. Durant, I said it 17 wrong yesterday standing in front of the mayor, and he 18 came up to me, It's Durant, Lloyd" and I said, "Okay." 19 But anyway it's called Project Cannonball. We hope they 20 get it. The main question they had was employment. But 21 the second question was environmental as far as the Air 22 permits.</p> <p>23 So, I'm glad we put that document together, 24 and we put that in their portfolio. The brokerage firm 25 is out of Dallas. It's actually is a worldwide large</p>

<p style="text-align: right;">Page 54</p> <p>1 firm. Roger Staubach used to work for them. I didn't 2 know he was still alive, but he used to work for them. 3 As far as outreach events, we have a number of 4 outreach events planned for the next few months, and you 5 can see that. One we have been working with Shellie in 6 our Water Quality Division with some water workshops. We 7 recently did five in the last few weeks across the State. 8 Over 240 people were in attendance, and it was a great 9 success. 10 In fact, I talked to Carolyn with OML, and 11 she's very pleased. OML was at each of the meetings. I 12 asked Carolyn, I said, "If we're going to be partners, 13 you need to be there." And so we have created that 14 partnership. 15 In working with the EFO, also, we're having 16 the meeting June 27th, and I hope you guys can make it to 17 Oklahoma City. We have the Grant Assistance Seminar July 18 23rd. And the EFO Water Re-Use Seminar, which I've been 19 working on, and we have speakers for that. It is August 20 22. And the OML Conference is in September, and the EFO 21 Annual Conference is in October. The Brownfield 22 Conference is in November. So, you can see we have, 23 basically, every month covered. 24 Some special projects that we've been working 25 on, as directed from the Governor, and also as directed</p>	<p style="text-align: right;">Page 56</p> <p>1 Center, and we really are fortunate to have them down the 2 street, and they are building a new facility. Their 3 focus is, of course, the oil and gas industry, but their 4 first initiative is water re-use. Well, that ties in 5 with everything at first. The water treatment solution, 6 we have a meeting next week. I'm more into the water 7 treatment solutions and discharge. We are going to 8 see -- Oklahoma and DEQ is going to receive the latest 9 input from the number eight company in the World as far 10 as technology. I think that's going to be great for 11 Oklahoma. A lot of that technology can be applied to the 12 industry. And plus, right now, they are looking for 13 work. Their building is not built, and they are hiring 14 people. And so, I've been fortunate to work with them, 15 and I've met with them several times on different 16 projects. 17 This is the map I'm talking about, as far as 18 across Oklahoma, the industrial wastewater, and municipal 19 wastewater, and water plants. Even when we had the oil 20 and gas, Tim Baker asked to have the lagoon systems on 21 here. So, we may have to add to it. 22 This is just a discharge in million gallons 23 per day. I asked the oil and gas companies and the new 24 entities. First it was 500,000. Then it went to a 25 hundred thousand, and then it went to zero, what they</p>
<p style="text-align: right;">Page 55</p> <p>1 from the Secretary and Scott, is water re-use, because of 2 the drought, and everyone knows that. We have been 3 focusing on how the wastewater can be reused in a 4 beneficial manner. One of things that we have been 5 working on, again, with Water Quality, and I appreciate 6 Shellie's group, is producing a map with all of the 7 industrial and municipal wastewater and water plant 8 discharge points, which I'll show you here in a second. 9 It's basically a statewide map, and we needed a map so 10 someone could look at it, and if they wanted to use it 11 for fracking purposes, or for ag purposes, or whatever 12 beneficial use, they could look at the source. 13 I've currently been in discussions with 14 several oil and gas companies, besides the OIPA, 15 regarding this, and I will be giving them access to that 16 map. So, they are excited about that. And, you know, 17 you have to take a business approach to that, you know, 18 when you talk to them, how close to the facility does it 19 have to be? If we're at Stillwater, it has to be maybe a 20 couple of miles from the river. In Western Oklahoma it 21 might be 20 miles. Okay. It just depends on where the 22 drought is worse. 23 so, The last bullet there is GE. I've been 24 working with GE a lot in the last few months. As you 25 know, they are moving to Oklahoma City, their R & E</p>	<p style="text-align: right;">Page 57</p> <p>1 wanted to put in the water. So you can see everybody is 2 trying to plan. 3 What OIPA will do with this, just to give you 4 an example, they'll take the map, and they'll talk to the 5 oil and gas companies. We're out of the picture, and 6 they will put their plays on this map and see if it's 7 close to any of the oil and gas, but that's up to the 8 OIPA. 9 One of the special projects that we've been 10 working on, and Scott mentioned it and Lloyd mentioned it 11 as far as the passage of the Good Samaritan Act and the 12 signing by the Governor, basically it's Tar Creek. 13 Everyone in here knows it's 40 square miles. In that 14 little first picture, it's discharging about one billion 15 gallons per year. You know, that could be a possible 16 water source for Western Oklahoma. 17 I was in a meeting recently in DC and Kansas 18 City, Kansas talked about infrastructures going from the 19 east to the west because of the ag purposes. They are 20 just dry. And so people are looking, and they are 21 thinking. And this might be a possible idea. We have 22 got the passive treatment ponds that dry up from those, 23 you have to deal with the gases, the acids, and waste. 24 And so, you know, what could this be used for? Well, 25 besides the ag, it could be used for something for the</p>

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1 oil and gas industry out in the west. And so people are
 2 interested in this.
 3 This is the most recent idea. I was talking
 4 to Scott, and I said, "What about chat being used as a
 5 possible alternative to frack sand?" So, we are looking
 6 into that. We've met with GE. Basically, chat is – the
 7 problem with chat, it's angular, and sand is spherical,
 8 round. So, I explained this to my wife. She's great to
 9 bounce off of. It's like marbles and jacks. You've got
 10 jacks like this, angular (indicating); and you've got
 11 marbles like this (indicating)." And I said, "Now put
 12 water in there." And I said, "Which one has the most
 13 porosity?" And she didn't know. I threw her offhand.
 14 One is more permeable with greater production, if it's
 15 strong enough. So, GE has agreed to do the testing on
 16 this just last week, to do all of the EPA testing. If
 17 that comes to be a go, that could be huge, you know. But
 18 that's a go or no go from the beginning.
 19 This is an idea I shared with Scott about
 20 imagination and innovation. You know, what can we do to
 21 better protect the environment and improve the economy at
 22 the same time? I would like to provide an opportunity
 23 for any employees to participate and encourage outside of
 24 the box thinking, and provide a creative atmosphere to
 25 share, imagine and innovate. With the budget cuts and so

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1 forth, I think this is actually the time to do that. We
 2 have to be more innovative in what we do to have a more
 3 efficient DEQ.
 4 There is our group. I don't think you've met
 5 all of them, but thank you for your time. Any questions?
 6 MR. WENDLING: Eddie, you're next.
 7 MR. TERRILL: All right. I'm going to do a
 8 little bit different tact than maybe some of the other
 9 directors, because we have got a pretty good budget
 10 situation, and I'm not going to go into a lot of that. I
 11 am going to provide more slides than I'm really going to
 12 talk about because I've only got a short amount of time.
 13 But I thought since we do have several new members here,
 14 it might not be a bad idea to have what I'll call the
 15 mini version of the board and counsel orientation that
 16 you'll get later on.
 17 And so, I've pulled some slides that we'll be
 18 doing from a bigger presentation, but they will be
 19 available for you all to look at and just kind of give
 20 you an overview of our division, and then I'm going to
 21 talk about some of the challenges that we're going to
 22 face in the upcoming year.
 23 I thought it would be a good idea to start
 24 with the State and the Federal relationship. There's
 25 been a lot of discussion in the newspaper and the media

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1 nationally about this tension that exists between the EPA
 2 and the States. You hear State's rights, and you hear
 3 overreaching, and you hear flexibility, and all of those
 4 kinds of things. And for us it's something that's been
 5 done and built up over the last 30 years, or 20 years
 6 since the agency was formed, and before that with the
 7 Health Department.
 8 It starts with our staff, and it starts with
 9 our managers, and our interaction with the EPA at the
 10 national meetings and at the national organizations that
 11 we belong to. That's where they really get a feel for
 12 how the State is really operated on a day-to-day basis,
 13 and get a feel for whether or not they need to have more
 14 interaction or more involvement with us at the State
 15 level as opposed to doing what they need to be doing,
 16 which is a period of trends and doing the things they do
 17 nationally, and leaving the implementation up to us.
 18 So, we have always had a very good
 19 relationship with them, and I think that will continue,
 20 although there are a few hick-ups in the future that I'm
 21 going to talk about in just a little bit.
 22 But anyway, our Federal/State relationship
 23 involves us taking delegated programs, our Hazardous
 24 Waste Program, and our NSPS Program for our major
 25 sources, the MACT standard, the PSD Program, and

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1 Lead-Based Paint. These are all programs that we have
 2 either accepted delegation from the EPA, and we agreed we
 3 will implement in an acceptable manner, or they are
 4 ongoing programs that get updated periodically, like the
 5 NSPS, the NESHAPS, and the MACT, and we have to evaluate
 6 on an ongoing basis whether or not we have the resources
 7 to implement those or not. So far we have been very
 8 lucky in that we have been able to get fee increases, and
 9 then, thanks to our Council and the Board, and through
 10 the Legislature to help us fund these programs so that we
 11 are able to accept delegation of all of those.
 12 Many of these are incorporated by reference.
 13 A lot of the facilities prefer to deal with us rather
 14 than the EPA, which makes sense. We are a little bit
 15 more pragmatic than the EPA is in dealing with these.
 16 But we also have to realize that it is a significant
 17 burden on our staff when we have to take on new programs,
 18 especially when a lot of times they are not explained as
 19 well as they could be, and the EPA doesn't sometimes
 20 understand some of the programs they implement, and we
 21 have to figure out how to implement their own program,
 22 and explain, and cover regulated sources as to what they
 23 need to do to comply.
 24 The last slide of this group, it just talks a
 25 little about the SIP progress, and we'll be looking at

<p style="text-align: right;">Page 62</p> <p>1 the effects of the 111(d) Plan, which is the carbon rule 2 I'll talk about in a little bit. 3 You know, this is where the real tension comes 4 in, you know, at what should be done at the State level 5 and the Federal. The Feds have a tough job in that they 6 have to make sure that things are done equitably across 7 the country. Otherwise, there's going to be a race to 8 the bottom, and it'll all be politically motivated. And 9 so that's where you get this tension of what's acceptable 10 and what's not. And we very rarely get into that, and 11 I'm hoping that in the future we can avoid these kinds of 12 things and develop plans that make the best sense for us, 13 knowing that we do have guidelines and ditches we have to 14 stay between. 15 This is our organizational chart, and this is 16 up to date with our managers of our various sections. 17 We have a Monitoring and Data Acquisition. 18 These are all closely monitored for. In addition we do 19 toxics, mercury, visibility. We also monitor our Ozone 20 Watch and our Ozone Advisory Programs. 21 Here is a map of all of the sites across this 22 State where we have our various ambient air monitors. 23 We have a Quality Assurance Division. All of 24 our data is validated, and we've put together plans for 25 all of the programs we have to make sure that the data we</p>	<p style="text-align: right;">Page 64</p> <p>1 the most part. But we've also had an uptick in other 2 businesses coming in and permits that are needed as well. 3 They are expanding. But these are the types of permits 4 and the things that they do. Within the Permitting 5 section, we do our modeling, and all of the applications 6 forms, and we write the permits. We are in the process 7 of finalizing our first electronic permitting system, and 8 then we're going to hope to roll it out by the end of the 9 year, in which the folks will be able to submit permits 10 electronically as opposed to sending in paper copies. 11 And we are hoping to streamline that where we can issue 12 some of these permits a lot quicker because we can just 13 dump the data into the permit, and Quality Assurance, and 14 get it out to the folks. And it's real important to get 15 the stuff in correctly, and we'll be working with our 16 regulated sources to educate them about that. 17 This gives you an idea of the number of 18 permitting facilities we have in the State, divided by 19 Major Source and PSD, which is our largest most complex 20 sources. Synthetic Minors, which are Minor Sources -- 21 our Major Sources take limits so they can remain Major 22 Source status. And then our true Minor Source Permitting 23 Programs. So, you can see we've got a number of 24 facilities across the State that we do have to account 25 for.</p>
<p style="text-align: right;">Page 63</p> <p>1 collect is quality data, and it can be used for all of 2 the various things that we use it for and that the EPA 3 uses it for. 4 We have a Rules and Planning Section. This is 5 where all of the rules are developed, and the folks that 6 talk to you all when we bring our rules and accounts to 7 the Board, those folks work in this section. 8 Our Emissions Inventory Section where we do 9 all of our sources, and we send our fees out, and do the 10 electronic reporting through our Redbud system. And then 11 the CROMERR, which is the process that we use to validate 12 electronic data so that, you know, we know who you are 13 when you send it in, and the EPA will accept that. And 14 hopefully we can start transitioning once we get this 15 ironed out and have them pretty much totally electronic, 16 with some minimal relative live data, which is something 17 I would really like to have done in the next couple of 18 years. We are in the process -- well, I'll talk about 19 that after Permitting. 20 Permitting. I've got three or four slides on 21 permitting. This is an area that's really boomed in the 22 last couple of years because of the oil and gas and the 23 cell towers. We've had over 5,500 applications the past 24 year and a half that are greater than what we've seen in 25 the past, relative to oil and gas and cell towers, for</p>	<p style="text-align: right;">Page 65</p> <p>1 This just gives you a history of where we are 2 and how much upkeep we've had in the last couple of years 3 in Permitting, again, from the oil and gas, and from the 4 cell towers. Again, this "Permits Issued" pretty much 5 tracks what you saw before. 6 Compliance and Enforcement, this gives you the 7 overview of what they do in the Compliance and 8 Enforcement Section. 9 The Regional Office is at Tulsa. We've 10 maintained an office in Tulsa to do inspections out of, 11 run the complaints, and do our permitting. We are at 12 kind of a crossroads at that shop because of retirements, 13 especially on the permitting side, having staff that are 14 consistent and pragmatic and can work well without 15 someone being there is very important in having offices 16 away from the central office. And so we're at a point 17 where we have lost a couple of experienced folks for a 18 variety of reasons, and we're about to lose our most 19 experienced permit writer. 20 So, we are going to have to make some pretty 21 hard decisions about how we are going to man that office, 22 and whether or not we can continue to offer the 23 permitting services that we have in the past. We may 24 have to scale that back a little bit while we try to 25 develop someone that we feel like can be the, not</p>

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1 necessarily the day-to-day supervisor, but the day-to-day
 2 technical person so that the work can get going without
 3 having to come back and forth from Oklahoma City. And so
 4 that's going to be our real challenge, and so we are
 5 working with the community and with Tulsa to find out
 6 what do those sources really need from us, and how are we
 7 going to continue to provide that in the future. So, I
 8 think it's really important that we continue to do that.
 9 It saves us time and money, and it saves the folks that
 10 live over in that part of the State time and money by not
 11 coming to Oklahoma City when they can do that out of the
 12 Tulsa office. So, I hope that we'll be able to do that.
 13 This is my last slide. So, these are the
 14 challenges that we've got coming up in the next fiscal
 15 year, and these are the big ones. We've got a lot of
 16 them that are not on the list. But the 111(d), the
 17 carbon rule is the big one. We could spend half of our
 18 staff time doing that, but the rule is a little bit
 19 premature. I think it wasn't quite ready for the prime
 20 time, but there were some other factors, but they had to
 21 release that.
 22 So, we'll probably spend the next four or five
 23 months working with the regulated community making sure
 24 that the data and the assumptions that they made were
 25 correct, and then providing some comments back to them to

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1 try to craft a rule, if we are truly going to go down
 2 this route, in a form that we feel like our sources can
 3 comply with. Because right now there are some areas that
 4 look to be problematic that make it very difficult no
 5 matter what we did to try to write a plan. So, this is a
 6 little bit different than a State Implementation Plan in
 7 that we don't have to have quite the amount of public
 8 input that we would have to have with a State plan. But
 9 it essentially is the same thing. We will develop a
 10 plan, working with our regulated communities, we'll have
 11 a public hearing, and we'll work with the Corporation
 12 Commission, and we'll work with other folks that have an
 13 interest in this. But it's a little bit different.
 14 Normally we know when the timelines are going to be, but
 15 this thing is so complex, and it goes across so many
 16 areas that really are kind of out of our control, like
 17 the Corporation Commission and what they have
 18 jurisdiction over, and some of the generation
 19 requirements that the utilities have. And it's going to
 20 be quite a challenge to get this done, especially in the
 21 timeframe the EPA is looking at. And they have already
 22 said that the rule may look quite a bit different after
 23 the 120 day period starts and ends, which it hasn't
 24 started yet. So, sometime between now and the end of the
 25 month, we'll have basically a full month to put our

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1 comments together. And the EPA will come back in June of
 2 next year with a final rule.
 3 It may look totally different than it looks
 4 now. So, how do we figure out what we do and what we
 5 don't do now so that we don't waste people's time, but
 6 we're also prepared to move forward in some timeframe to
 7 get this thing done in the two years that EPA believes
 8 that we can write this rule after that? So, we may have
 9 to do a cap and trade type program in order to comply
 10 with that. That's a proposed subject in this state and
 11 could be politically damaging to the agency. And,
 12 frankly, we may not be able to get those kind of rules
 13 through our council, and through you all, and through the
 14 Legislature. So, we've to figure out if that's the route
 15 that we feel like in a year or two that our industry
 16 needs to go, and we're going to have to work with them to
 17 sell that idea because it's not something that -- and
 18 it's going to be very politically powerful in this State.
 19 And whether or not you believe it's happening or not,
 20 we've still got to figure out how we are going to move
 21 forward with this, and try to put something together that
 22 our industry folks can live with, without bankrupting our
 23 rate payers, which that's where this is going to come
 24 down on, and we don't want that to happen either. We
 25 want to minimize the shock to them as much as possible.

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1 So, there's a lot of work going into that. If we have to
 2 do rule-making as part of it, and we'll come through our
 3 council and you all, and we'll be able to figure out how
 4 to do it without rule-making, but I don't think our luck
 5 is going to last that well, but we'll see.
 6 The oil and gas shale boom. We are doing some
 7 analysis right now in some areas, and we might want to
 8 put up some special purpose monitors to take a look at
 9 the NOX impact that might be happening in our rural
 10 areas. And we are trying to figure out how best to come
 11 up with some money to do that. Even though we are pretty
 12 money flush as far as our ability to do our day-to-day
 13 work, this is something above and beyond. And the Sierra
 14 Club has pointed out some areas that they believe that
 15 there could be some issues, and we would like to look at
 16 it before anybody else does, especially in this area of
 17 partial monitors and those kinds of things.
 18 Ozone and SO2 NAAQS Implementation is a big
 19 deal for the regulated sources, and a big deal for the
 20 communities. They are likely to drop the Ozone standard
 21 to Sunny Park Pavilion at the end of the year. So next
 22 year we'll have to be dealing with that.
 23 Hiring and retention of staff. I can't tell
 24 you what a big problem this is likely to be in the
 25 near-term and certainly in the long-term. Those of you

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1 who are just starting your tenure on the Board may very
 2 well see before it's up, our real problem of finding
 3 staff that are here long enough to become managers.
 4 I told this story once, and I may go 30
 5 seconds over, but this is really important because I
 6 really think that how we react and how we go about
 7 looking at how we're going to hire staff and keep our
 8 staff, it's going to be real important for us to have the
 9 managers to step into those positions, that when they
 10 start retiring, they step into the director role. And
 11 you can't just bring somebody on board and expect them to
 12 be a manager in a year or two. You've got to find folks
 13 that are pragmatic, that have common sense, and
 14 understand what's important and what's not, that are
 15 consistent, that are fair. And then you've got to hope
 16 they have the technical ability to become competent in
 17 that area, and then you've got to hope they stay long
 18 enough to get the seasoning in order to make those
 19 decisions that allow us to keep the programs that we have
 20 now within the State of Oklahoma, without EPA having the
 21 input that we don't want, without environmental groups
 22 saying that we don't have a good program, and without the
 23 industry saying, "You guys don't know what you're doing
 24 and you don't understand your program you're trying to
 25 implement." You can't just do that with staff that

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1 continually rotates over and over, because I don't think
 2 you all really realize how much we ask of our field staff
 3 to do. They might be at a coal fire plant in the
 4 morning, and doing oil field work in the afternoon. They
 5 might be in a general manufacturing system. They are all
 6 over the board. So, they have to be somewhat competent,
 7 and not just somewhat. They have to be very competent in
 8 all the technical aspects of what your sources do, as
 9 well as other sources that you may not even think about
 10 across the State.
 11 So, we've really got to figure out how we're
 12 going to retain those folks, and especially in light of
 13 the fact that their retirement system is kind of
 14 portable. They can take that with them. There's no
 15 incentive for them to stay 10 or 15 years like there used
 16 to be. So, if you really want an agency that can be
 17 responsive, as we've been in the last 20 years, we've got
 18 to figure out how we're going to deal with that moving
 19 forward. And I think we're going to start seeing that
 20 the problems start rearing up in the next five to seven
 21 years when our managers start retiring.
 22 So, it's something to think about, and
 23 hopefully we can be working with you all to figure out
 24 how we do that, and how we attract good folks and keep
 25 them. Thank you.

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1 MR. WENDLING: Thank you, Eddie.
 2 All right. Next we have Kelly Dixon, the Land
 3 Protection Division.
 4 MS. DIXON: Good morning. I don't have as
 5 much to say as Eddie. So I don't think I'm going to talk
 6 as fast.
 7 I want to go over a few of the core functions
 8 of the Land Protection Division. We have Permitting and
 9 a Compliance Program. Typically, it's solid waste, which
 10 is basically landfills; hazardous waste; underground
 11 injection, which is the disposal of waste deep
 12 underground; radiation, which is under the authority of
 13 the Nuclear Regulatory Commission.
 14 We have a variety of cleanup programs, as you
 15 can see there. One of the programs that's a little bit
 16 of an anomaly is the Sara Title III, the Community Right
 17 to Know Program, where we work with the local emergency
 18 planners on preparedness and emergency response.
 19 I'm going to talk a little bit about our key
 20 accomplishments this year, highlighting some of the
 21 programs that we work in. And you've heard about some of
 22 the armory cleanups already, and then I'm going to talk
 23 about where we are headed.
 24 This is a picture of the armory in McAlester
 25 that we finished this year. You may or may not know that

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1 these armories, they are all over the State. They were
 2 under the Oklahoma Military Department. In around 2005
 3 they decided to consolidate and make more regional
 4 armories, and so a lot of these have been in disrepair
 5 and idle and have some environmental problems.
 6 Scott mentioned that these are getting turned
 7 over to local communities for use. The problems with
 8 these armories is they were built in an era where there's
 9 lead-based paint and asbestos all over. And for them to
 10 be properly reused, we have to assess that and clean it
 11 up. And so we've been engaged in doing that.
 12 This is the 46th armory that we've cleaned up
 13 in the State, and we have a few more that we'll do this
 14 year, and the rest of them will have to be on hold
 15 pending budget.
 16 Our Brownfields Program is a program where you
 17 can cleanup environmental contamination and take care of
 18 some liability concerns. This is the historic OKLA
 19 Theater, which is also here in McAlester. They have
 20 received a \$200,000 grant from our Brownfields Program to
 21 take care of the asbestos and lead-based paint in the
 22 building, and this will pave the way for it to be used.
 23 The interesting thing, this theater was built
 24 in 1931, and you could go see a movie for 35 cents back
 25 in the day. The people that own it now, it's a

<p style="text-align: right;">Page 74</p> <p>1 non-profit group, and they are hoping to use it for 2 concerts, and films, and community meetings, and things 3 like that. So, it's kind of an exciting project. 4 The Sara Title III work that we do, I just 5 wanted to give you a few highlights of some of the things 6 we worked on this year. You may remember earlier this 7 year there was a really bad spill in West Virginia that 8 effected people's public water supplies in a really 9 devastating way. So, when we saw and heard that, we 10 decided that companies that have chemical storage have to 11 report to us. 12 So, we decided to take that information that 13 they report and map it in conjunction with service water 14 intakes in a one to two-mile radius within service water 15 intakes. And we did that mapping, and we provided the 16 information to the local emergency response groups in 17 each county. So, we are hoping that that will help them 18 be prepared for emergencies and accidents. And hopefully 19 that won't happen. 20 The other thing that we have been working on 21 through this Federal initiative is to improve chemical 22 safety and security, and that came out of the tragedy at 23 West Texas when they had the explosion. We were in a 24 good position because of our experience with tornado 25 response to give some recommendations to this group</p>	<p style="text-align: right;">Page 76</p> <p>1 and the material is like gravel, and it has historically 2 been reused in the communities for driveways and roads 3 and fills. And so that's created an exposure issue to 4 heavy metals. 5 So we've been engaged in cleanups in these 6 communities, residential cleanups, and other cleanups for 7 a while. The last one on the list, the Tulsa Fuel and 8 Manufacturing, is a superfund site that we had talked 9 about, and that's a picture of the site on the bottom. 10 We are targeted for funding this year from the EPA, and 11 we're hoping we get it so we can clean up this site. 12 We also have a new superfund site. It's the 13 Wilcox Refinery. This is a picture of it pre-1957. I 14 think it closed shortly after that date. It's just 15 outside of Bristow. And, you know, all of the refinery 16 structures are gone, and the land got sub-divided and 17 sold, and some people moved in, and there's residential 18 properties on the site. Which when there's groundwater 19 contamination, there's been refinery waste. So that's 20 one reason it became a superfund site. 21 We were engaged in doing some assessments, and 22 reached out to a company that we thought was the 23 responsible party and asked if they wanted to voluntarily 24 cleanup the site instead of going to the superfund site, 25 and they said no. And so, it is now a superfund site,</p>
<p style="text-align: right;">Page 75</p> <p>1 that's putting some ideas together. And some of the 2 recommendations we made, they've taken most of those. 3 And some of those include providing more support to the 4 local emergency planning groups, promoting electronic 5 data in reporting, which we already do that in Oklahoma, 6 but most states don't do that. 7 So, we are looking forward to working closely 8 with our LEPC. LEPC is the term that we use for the 9 Local Emergency Planning Commission. As a matter of 10 fact, we are sponsoring some workshops where we have 11 gotten the industries and the local groups together to 12 share information about what's in their communities. 13 And we've made some progress. We have a lot 14 of long-term cleanups that relate to mining and smelter 15 sites. These were industries that were part of the 16 Oklahoma economy back in the day and had left some 17 unintended consequences. 18 You probably know a lot about Tar Creek. I'm 19 not going to belabor that initiative. You heard Lloyd 20 talk about it, and you heard Scott talk about it. It's a 21 30-year cleanup project right now. And hopefully, if 22 Lloyd's ideas work, we can accelerate that type of 23 cleanup. 24 One of the problems with these types of sites 25 is they have -- they mostly have a lot of waste material,</p>	<p style="text-align: right;">Page 77</p> <p>1 and it's just in the beginning stages. 2 So, right now what is going to happen is the 3 EPA is working on enforcement, trying to find responsible 4 parties who will pay for the cleanup. So you may be 5 hearing about this in the coming years. 6 So looking forward, some of the things that we 7 want to work on this year. Lloyd talked a little bit 8 about the dual permitting. The UIC permitting is in our 9 division. And the interesting thing about this is, with 10 the drought, there's communities in Western Oklahoma that 11 are looking at developing the more ravished waters for a 12 water supply, and this will allow them to economically 13 manage and dispose of their treatment residuals by the 14 dual permitting. This is a really smart idea, and I have 15 to credit Saba for working on it. 16 The other program that we're really, really 17 excited about is a Self-Certification Program for Small 18 Quantity Generators of waste. The universe of hazardous 19 waste will be looked at. There's a handful of facilities 20 that treat, dispose, and store hazardous waste and some 21 large quantity generators. This group, the Small 22 Quantity Generators, are the biggest in number. There's 23 over 600 in the State. But they tend to be smaller 24 companies, and don't have dedicated environmental staff, 25 and tend to have the most compliance issues. So what we</p>

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1 are hoping to do is reach out to them and come up with a
 2 voluntary self-certification. It's mostly an educational
 3 tool so they can learn what the regulations are, and we
 4 can help them get into compliance. So, we are really
 5 excited about that program.

6 So hopefully we'll get the funding for Tulsa
 7 Fuel, and we can start that cleanup. And we're also
 8 trying kind of an innovative process. We're trying to
 9 get funding from the EPA to contract with the Quapaw
 10 Tribe to do a small cleanup at the Tar Creek site. This
 11 is the first in the Nation, and it could be a really good
 12 model for how to clean up sites cost efficiently.

13 We will be working on rule-making from the
 14 statutory changes that Jimmy discussed earlier. We are
 15 also trying to focus on helping folks that have
 16 groundwater contamination come up with exit strategies.
 17 We have a lot of people who monitor, and monitor, and
 18 monitor groundwater, and they never seem to get out of
 19 monitoring. And we are trying to help them formulate
 20 strategies so they can actually have an end game.

21 And some of the things that we're keeping an
 22 eye on from the regulatory world is the coal combustion
 23 residue regulation. I think we got our EPA grant about
 24 four years ago, and there was some catastrophes from wet
 25 storage of this kind of material. In Oklahoma we have

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1 dry storage. So, it's really not a deal for us.

2 The EPA -- I wanted to talk with you about the
 3 regulating of the hazardous waste. That's still on the
 4 table, but all of the buzz we have heard is it will
 5 probably be regulated as solid waste, which is a good
 6 thing, but it probably won't change what we do very much.

7 And we are also helping with the Federal
 8 Brownfields through authorization, and that might provide
 9 some more funding needed for some cleanups and some
 10 redevelopment projects. And that is all I have.

11 Do you guys have any questions? Thank you.

12 MR. WENDLING: All right. Thank you, Kelly.

13 All right. Next is Shellie Chard-McClary on
 14 the Water Quality Division update.

15 MS. CHARD-MCCLARY: Well, I guess I'm the
 16 first one who gets to say good afternoon to the Board. I
 17 appreciate the opportunity.

18 I'm going to resist the urge to repeat some of
 19 the things that Scott and Eddie have said. So a couple
 20 of times I'm just going to say, "Yeah, what they said,"
 21 and we'll just move on related to the staffing and some
 22 of the budget, and hopefully get through this pretty
 23 quickly.

24 First of all, I wanted to just show you how we
 25 are structured and set up. If you look at our

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1 administration box, you know, that is the division
 2 director, assistant director, chief engineer, and
 3 environmental programs manager. Something that is new,
 4 and he's been around a while, and that is Terry LyHane,
 5 who is my new assistant director. Tim Ward moved to
 6 External Affairs. Terry has about a 20-year career in
 7 the private sector working for industry directly, and
 8 then working for the same building and in the same job
 9 with a series of different names as the consulting firm
 10 changed from Roberts, Schornick to Benham's to SAIC to
 11 LIDO. But he joined us in February.

12 Our tracking, several of our compliance,
 13 monitoring, and tracking work, that is all of the
 14 thousands and thousands of data that comes in to our
 15 Water Quality Division for all of our drinking water
 16 systems and wastewater systems. The Enforcement and
 17 Inspection does all of our field work and all of the
 18 enforcements on the Clean Water Act and Safe Drinking
 19 Water Act.

20 Construction and Operation, that is where we
 21 have our State Revolving Fund that we contract with the
 22 Water Board to do the financial side of it, but we do all
 23 of the permitting, all of the environmental assessments,
 24 and all of the recordkeeping type of work that is
 25 required by the EPA in that program. That's also our

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1 construction for both drinking water and wastewater, and
 2 then it is our operating certification, and our licensing
 3 of all of the water, and the wastewater, and the
 4 laboratory operators.

5 Then, under Permitting, this is our Clean
 6 Water Act permitting. It's all of the discharge and soil
 7 retention permitting that we do. A new name that you'll
 8 see there, Michael Moe. He also just recently joined the
 9 Water Quality Division. He is replacing Ed Dhrberg, who
 10 moved to a different state agency. Michael has about 22
 11 or 23 years total experience. Some of that was spent
 12 with the Water Resources Board, and a lot of that was
 13 spent with the SAIC doing permitting, TMDL's, and
 14 rule-making, and new contracts. He did a lot of that
 15 with the EPA headquarters and recently some with the DEQ.
 16 So, he brings a lot of experience into that.

17 Something that Jimmy mentioned earlier, and I
 18 want to remind you, we had changes in the Water Quality
 19 Management Advisory Council, and those changes took
 20 effect in November. That council went from nine members
 21 to twelve members. We added one for a laboratory
 22 operator, and one for -- I'm sorry -- the laboratory
 23 accreditation position, and then we have both a municipal
 24 water and a rural water operator added.

25 So we took on the additional duties of the

<p style="text-align: right;">Page 82</p> <p>1 Laboratory Services Council, and the Water and Wastewater 2 Works Advisory Council, to go along with all of the 3 drinking water, wastewater, TDMLs, stormwater, 4 construction, SRF, permitting, enforcement. And then, 5 also, the on-site systems, septage haulers that are 6 actually implemented by the ECLS Division, and the 7 Underground Injection Control Program, which is actually 8 operated through our Land Protection Division, and as you 9 just heard, falls under this council because it is a Safe 10 Drinking Water Act Program.</p> <p>11 So, what do we really do? Well, we protect 12 the quality of waters in the State. The Federal law is 13 the Clean Water Act. The State has a companion, the 14 Oklahoma Pollutant Discharge Elimination Systems Act. 15 And we have about 1,900 wastewater systems that we 16 permit. And we have in the neighborhood of 1,500 storm 17 water permits. We historically have completed around 120 18 to 125 TMDLs a year, and we issue about 370 construction 19 permits a year just on the wastewater side.</p> <p>20 We also ensure safe drinking water for the 21 public through the Safe Drinking Water Act and the 22 companion in State Statutes. We have about 1,600 public 23 water supply systems, and we issue about 860 construction 24 permits a year for that program.</p> <p>25 The interesting or very difficult thing about</p>	<p style="text-align: right;">Page 84</p> <p>1 Right now we are looking at what we call 2 indirect total reuse, and that will have a lot more 3 expansion, I suspect, particularly as the drought 4 continues. We've had a lot of industrial interest, and 5 we had a lot of permits in our cooling towers where we 6 basically have switched out with watering things from the 7 wastewater treatment plants. So, the system ends up -- 8 the City will have an additional two or three million 9 gallons of drinking water because they are no longer 10 putting drinking water in cooling towers. So, that is 11 how we are working on the water quantity issues.</p> <p>12 On the State Revolving Funds, the loans and 13 grants that we do for communities, we have averaged about 14 \$86 million over the last five years. We do this in 15 conjunction with the Water Board. The Water Board acts 16 as the banker, and we do all of the technical work. We 17 had that program delegated to us from the EPA, and then 18 we contract with the Water Board to make the best use of 19 resources. There's no need to have duplicate staff at 20 both agencies.</p> <p>21 This program has loaned out about \$731 million 22 since 2000, and that is only to publicly-owned water 23 systems.</p> <p>24 We license about 8,000 operators every year. 25 By State Statute we are required to renew those licenses</p>
<p style="text-align: right;">Page 83</p> <p>1 the Public Water Supply Program is based on the Federal 2 definitions. You could have a very small facility as a 3 public water supply that has the same requirements that 4 Oklahoma City has. We also have some help from the State 5 Health Department and some rule changes that they have 6 made. In order to have a Food Handler's License, you 7 must be regulated and be permitted by DEQ, as a minimum, 8 as a non-community system.</p> <p>9 So, that will take, perhaps, something as 10 simple as a gas station that has a pizza place in the 11 back, or they serve burritos, and they, you know, have 12 the stick your cup up and the ice comes out of the soda 13 fountain, they are regulated by a very large system now. 14 So, that's been very much of a challenge, because it was 15 actually a USDA Rule change, and a Health Department Rule 16 change, and that became a type of system that we 17 regulate.</p> <p>18 Well, we are also working to improve water 19 quantity. It's only been about 10 to 15 years that we've 20 actually had some form of water reuse permits and 21 projects in the State, and it is quickly elevating, 22 certainly on a National level and the State levels to 23 gain more focus because of drought. But the water reuse 24 permits range from watering agricultural fields to 25 drinking water for systems.</p>	<p style="text-align: right;">Page 85</p> <p>1 by June 30th. The licenses are valid from July 1st to 2 June 30th, and so we do this every year. We tried a 3 couple of years ago to go to a two-year period, but we 4 were not successful. Those 8,000 operators may have been 5 due to duplicate licenses, where they will have a water, 6 and a wastewater, or a laboratory license. But we 7 actually process 12,000 licenses every year.</p> <p>8 So, why do we do all of this? Well, all of 9 these pictures were actually taken in Oklahoma, and one 10 is Turner Falls during a flood, which is very beautiful. 11 It doesn't normally look like that, and under normal 12 circumstances you don't think about that as a bad thing. 13 But it's everything that happens downstream. And what 14 we're dealing with is protecting drinking water for our 15 citizens and visitors. We want to make sure that we have 16 adequate water resources for economic development.</p> <p>17 We work with wastewater treatment facilities. 18 The little picture up in the corner is kind of my 19 favorite. There's a story behind that, but that's 20 actually an aeration base within a wastewater treatment 21 plant in a city where they mill carpet, and those are 22 carpet fibers that were about 24 inches deep in that 23 facility. And so we work with communities on how to deal 24 with those issues and to, you know, figure out how do we 25 screen, how do we work with the industry, and how do we</p>

<p style="text-align: right;">Page 86</p> <p>1 become partners and address some of those issues. And 2 some of that comes through our Pre-Treatment Program and 3 some of that comes just through dialogue. But those are 4 the kinds of issues that we deal with on a regular basis 5 in trying to improve water quality and quantity in the 6 State. 7 The bottom picture is, obviously, a rainfall 8 event, sort of a few stormwater controls with all of that 9 beautiful Oklahoma red dirt washing into the storm drains 10 and all of that vegetation in the creek down behind it. 11 So we do try to work with those construction sites and 12 make as many good decisions on what kind of barriers need 13 to be in place in order protect those resources. 14 So, recent really big issues, the drought. I 15 don't know that I need to say an awful lot about that. 16 Again, we are not in the western part of the State. So, 17 it's maybe not quite as visible on this side of the 18 State. But it's a huge, huge issue not just in Oklahoma 19 but all over. 20 Water reuse. In trying to address some of 21 that drought issue, that's becoming more and more 22 important. Also, as we go to much more costly drinking 23 water treatment in order to comply with all of the 24 Federal rules, we're starting to look at how can we trade 25 out and use the water treated to the appropriate level</p>	<p style="text-align: right;">Page 88</p> <p>1 Electronic Reporting Rule, and we have a lot of those 2 things that are coming at us that we're going to have to 3 figure out what we're going to do, and how we're going to 4 do it, and how we balance that out. 5 So, I could talk for about 20 minutes, but I 6 won't, and just say, certainly, if you have any 7 questions, feel free to call me or any of my staff. 8 MR. WENDLING: Thank you, Shellie. 9 Okay. Next we have Gary Collins. Gary. 10 MR. COLLINS: Yes. Thank you. 11 Like you've heard from several of the 12 directors, we have had trouble with staffing at ECLS, and 13 I'm just going to go through quickly some of that, and 14 then I'll tell you a little bit about our local offices 15 and how we decide where we need staff. 16 I'll start with March of this year. In March 17 we had three vacancies. We had one in Enid, Burns Flat, 18 and Woodward. We interviewed candidates in March for 19 Enid and Burns Flat. I think we interviewed a total of 20 eight people. And one of those -- there was one on the 21 list that we thought could do the job, and we offered 22 that job to the guy in Enid. And when we contacted him, 23 he said, "Can you pay my moving expenses from Oklahoma 24 City to Enid?" And we said, "No." And he said, "I can't 25 take the job. I can't afford to work for you." So,</p>
<p style="text-align: right;">Page 87</p> <p>1 for what its use is, rather than saying, everything has 2 to be drinking water no matter what you're going to do 3 with it. So, that's going to go hand-in-hand with the 4 budget. 5 You've heard a lot about the budget. There 6 are definitely some impacts in water quality. We just 7 took primacy. It was granted in January. So, now we are 8 kind of looking at what are we going to do and how are we 9 going to make that work? Some of the things that we are 10 looking at, as you saw, there's going to be several 11 positions left vacant in water quality. 12 We've been trying to hire for about nine 13 months to fill some of our drinking water positions, and 14 it's ended up -- looking at, you know, people are 15 declining job offers because of the costs, it costs too 16 much to live here, you don't pay enough. We're looking 17 at maybe some reorganization to try and get some 18 available staff to work on those key program areas. 19 Right now we have 24 rule-making items for 20 drinking water and wastewater on the horizon, ranging 21 from the Stage 3 Disinfection Byproducts Rule. We're 22 looking at, almost finished, and getting ready to start 23 the Unregulated Contaminant Monitoring Rule. We have a 24 new revised Total Coliform Rule. We have the 25 Congressional Act, the Lead-Free Act. We have the</p>	<p style="text-align: right;">Page 89</p> <p>1 we're having the same staffing problems that other people 2 are. 3 So, after we went through interviewing eight 4 people and not finding any successful candidates, we 5 decided, what do we do now? Do we go ahead and advertise 6 it again, or do we wait for another graduating class in 7 May? Well, we decided we would wait. So I think in late 8 August we advertised four positions. And after the 9 budget cuts, it looks like we're going to get to fill 10 three of those. But during the time from March until 11 now, we've had two more retirements. We had an 12 environmental specialist in Ponca City who retired. We 13 had an environmental specialist in Oklahoma City retire, 14 and we had an environmental specialist in Miami resign 15 and take a job in the private sector making more money. 16 And then in Shawnee, we actually had an employee pass 17 away. So, now we are down to a total of seven 18 environmental specialists, and then along came the budget 19 cuts. 20 We have a staffing model that I'll talk about 21 in a little bit. According to our staffing model, we 22 need 59 environmental specialists to do the work across 23 the State. And we currently have 52, and we are going to 24 get to fill three of those positions. We are actually 25 going to -- hoping to anyway fund six of those. But with</p>

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1 the uncertainty, we are only going to fill three of them.
 2 So, What are we going to do? We're going to
 3 shift people around, which means more windshield time,
 4 which has not been productive.
 5 This is a map that shows you where our local
 6 offices are located. The stars are the places where the
 7 offices are located. And as you can see, like up in the
 8 corner, Guymon, there's an office there, and we have one
 9 staff. In Enid, you can see, there's an office there,
 10 and we have one. The circles are where we have
 11 vacancies. And as you can see, Western Oklahoma, Enid,
 12 Woodward, Burns Flat, Stillwater, that area is -- with
 13 that many vacancies and no offices nearby, those guys are
 14 really struggling out there. So, the ones we are going
 15 to try to fill are the three with the red circles, and we
 16 have actually done the interviews for those positions.
 17 We selected a candidate for Enid, and we'll probably make
 18 that offer this week, and we're doing the second
 19 interviews for the Woodward and Stillwater position
 20 today.
 21 The other thing I want to point out on this
 22 map is that you see the arrows that are pointing from
 23 office to office. But in general, like, for example the
 24 Enid office, up in Garfield County, they cover -- that
 25 one person is covering Grant County, Alfalfa County,

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1 Woods County, Major County, and Blaine County, and that's
 2 impossible for one person to cover.
 3 You can see, like the Oklahoma City office.
 4 You've got people out of Oklahoma City going down to
 5 McClain County. They are covering just a corner of it
 6 there around Blanchard. And then people out of Purcell
 7 are covering part of Cleveland County. So we've got a
 8 lot of people that are doing a lot of traveling already.
 9 But with not being able to fill the positions,
 10 the new black arrows are what we're going to be doing
 11 now. Because of the vacancy up in Miami, we're closing
 12 the Miami office. And so we're going to try to cover
 13 that office out of Claremore and out of Bartlesville.
 14 Previously the person that was there was covering Ottawa
 15 County and Craig County. So, we're going to try to cover
 16 those two counties out of other offices.
 17 Like I said, we had the person who passed away
 18 in the Shawnee office, and we actually have a person in
 19 Henryetta that lives near Shawnee and has been commuting
 20 for several years. We're going to let them move to
 21 Shawnee, and so that will fill that hole. But then that
 22 creates a hole in the Henryetta office. So, we're going
 23 to try to get the folks out of Wagoner to shift down and
 24 help out at Muskogee. And then the guy that's moving
 25 over to Shawnee will hopefully be able to shift over and

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1 help some in Hughes County. And then the same way with
 2 the Oklahoma City office, we're going to try to shift a
 3 little bit up there further into Cleveland County and
 4 some over in Grady County to help out there, because
 5 we're going to take one person out of the Oklahoma City
 6 office who currently lives in El Reno and let them office
 7 out of their home temporarily. And they can cover Blaine
 8 County and part of Caddo to help fill the hole there in
 9 Burns Flats since we aren't going to get to fill that
 10 one.
 11 So, we're doing a lot of shifting, which means
 12 a lot more windshield time, which means less productive
 13 work. More windshield time, and a slower response time.
 14 And then the other thing that worries me is there'll be
 15 less time for technical assistance. Some of the small
 16 communities that need help and rely on us, they'll hire a
 17 new operator, and the mayor will call and say, "I've
 18 hired a new operator. Can you come out and help this guy
 19 and walk him through how to pull samples, how to do a
 20 chlorine sample?" Just those simple things. And those
 21 things are, I think, really important, and the fewer
 22 people we have the less of that we can do.
 23 So here are some options we are considering to
 24 free up more time for technical assistance. And that
 25 would be doing fewer inspections of regulated facilities.

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1 We've got some facilities -- some of the larger
 2 facilities we inspect four times a year. Some of the
 3 smaller ones you only inspect once a year. So we'll
 4 probably continue to make sure at least everybody gets
 5 one inspection, but we may drop the four inspections down
 6 to three. You know, we inspect total retention lagoons
 7 and land applications twice a year. We may drop those to
 8 one a year, and we're still discussing that with the
 9 managers. I met with the managers, and that's -- you
 10 know, some of them have concerns. But some of those
 11 facilities that we are inspecting four times a year are
 12 large facilities, like Oklahoma City and Tulsa, and
 13 they've got staff, and they can handle most of the
 14 problems. Some of those we inspect four times a year are
 15 relatively small towns, and they have had their portion
 16 of problems in the past, and maybe we don't want to drop
 17 them to three a year or two a year, and maybe we'll
 18 continue to do them four times a year. So, we're trying
 19 to, based on the risk, figure out where we can cut
 20 inspections.
 21 The other thing I mentioned is response times.
 22 We have in our PMPs that our employees get, the
 23 Performance Management Process, we say they must respond,
 24 and they must be on-site to a complaint within three
 25 days. If someone has called in a complaint and says, "My

<p style="text-align: right;">Page 94</p> <p>1 neighbor's sewage is running off onto my property," we 2 are going to try to be there within three days. That's 3 in our PMP. We may extend those response times and make 4 it five days, or maybe more, depending on what part of 5 the State they are in. 6 Another thing is less oversight of the 7 certification programs. We certify certified installers, 8 and we certify people -- solo profiles of the people that 9 put in the septic systems and design the systems. And 10 what we try to do is inspect all of the certified 11 installers, at least ten percent of the systems they 12 install, and we try to do spot checks, just surprise 13 inspections. They are required to call us and notify us 14 when they are putting in a system, and we'll show up at 15 10 percent of those and try to just give some oversight. 16 We may have to cut back on that. Like I say, we are 17 still considering the options there. 18 Now, I want to talk a little bit about the 19 staffing model. What goes into the staffing model is how 20 many complaints are worked, and that's something that 21 varies every year. The other thing is requested 22 services, and the requested services are mostly septic 23 systems. People calling, the installers calling and 24 saying, "I've got a septic system I need you to inspect," 25 those that aren't certified. And it's also soil tests.</p>	<p style="text-align: right;">Page 96</p> <p>1 And so those are all of the counties that are 2 worked out of the Oklahoma City office, and you see they 3 need 11 FTEs. And we currently have 10, and if you count 4 the one we pulled out, we've only got 9 there. 5 And that kind of completes mine. Does anybody 6 have any questions about any of that? 7 MR. WENDLING: Thank you, Gary. 8 All right. Last we have Chris Armstrong who 9 is going to cover State Environmental Laboratory 10 Services. 11 MR. ARMSTRONG: John, the Board, and all, 12 thank you and good afternoon. 13 This is not in any way meant to be any kind of 14 orientation. It's more of laboratory goals and concerns. 15 I wanted to talk a little bit about -- if I can find the 16 button -- analytical capacity to begin with. 17 Analytical capacity is a Federal requirement 18 for drinking water currently in the State principal 19 laboratories. It is an ongoing concern for all State 20 laboratories. This is a lab's ability to keep up with 21 the analytical requests and services, both routine and 22 emergency, and maintain a search capacity for the 23 unexpected. 24 Increasing wastewater analytical capacity is a 25 new goal for the SELS, and it will be expanded as an</p>
<p style="text-align: right;">Page 95</p> <p>1 We've do a lot of soil tests in Western Oklahoma. 2 Another thing that's in there that we are doing fewer of 3 is inspections of private wells for real estate closings. 4 The other thing that goes into a staffing 5 model is the number of inspections completed, and then 6 the other thing is the travel factor. 7 The travel factor is, like for the metro 8 areas, your facilities and your complaints are closer 9 together, and it takes less travel time. If you're in 10 Western Oklahoma, it takes a lot more travel time. So we 11 figure up how many people they need based on the 12 complaints, requested services, and inspections. And 13 then, if you are in the metro area, multiply it times .9; 14 and if you're in a rural area, you multiply it times 1.3. 15 And if you're not as rural, there may not be a travel 16 factor at all, and it may be a 1.2 travel factor. So, 17 that's the range. 18 And this is kind of what the staffing model 19 looks like. For example, Oklahoma County, they spent 20 4,232 hours working complaints last year, and requested 21 services they spent 1,849. And you can see if you go all 22 the way across, the total FTEs is 6.1. But with the 23 travel factor, because they don't have as far to travel 24 as they do out in, say, the panhandle, they need 5.5 FTEs 25 to work Oklahoma County.</p>	<p style="text-align: right;">Page 97</p> <p>1 assistance to the smaller communities. The SELS has 2 always performed these types of analyses, but has never 3 marketed them in the past. 4 Test wells and test well analyses are critical 5 to groundwater drinking water supplies, particularly in 6 drought situations. As communities run short on water, 7 they must find additional sources. For groundwater a new 8 well must have testing performed prior to well 9 completion. The SELS is streamlining its ability to 10 report test wells back to facilities, contractors, and to 11 the Water Quality Division engineers. 12 In this part of capacity, we are also looking 13 at implementing cryptosporidium testing and giardia 14 testing. Because the Water Quality Division has recently 15 taken LT2 testing, we believe it's important for us to go 16 ahead and implement this testing. It's an expensive 17 public water supply testing, and small communities are 18 dollars short in paying full price for this type of 19 analysis. 20 The Lab's maintenance of analytical capacity 21 is challenged not only by the new drinking water rules 22 that have potential emergency services, but also by 23 budgetary difficulty in replacing the aging 24 instrumentation, as well as the training that goes along 25 with that.</p>

<p style="text-align: right;">Page 98</p> <p>1 Competency. Demonstration of analytical 2 competency is a QA and lab accreditation requirement, and 3 all SELS analysts must demonstrate competency prior to 4 analyzing samples. The EPA this past year re-enforced 5 expanding the scope and requirements for competency, not 6 only expanding analytical requirements, but expanding the 7 requirements for field sampling and testing activities. 8 The intent is that field staff sampling for environmental 9 programs must have documented training, demonstrate field 10 proficiency, and become eventually nationally accredited, 11 which is going to be a lot of additional work for much of 12 our staff.</p> <p>13 LIMS Consolidation. A laboratory's 14 information management system is critical to all modern 15 laboratory functions, including not only the reporting of 16 data, but also the receipt and tracking of samples, 17 customer contact information, quality control, data 18 verification, data peer review, inventories, data 19 archival, and invoicing. The SELS has been trapped with 20 two LIMS applications in the last four years. This 21 requires not only the maintenance of two systems, one 22 antiquated and one new, but a lot of wasted time and 23 effort in duplicating procedures, data reporting, and 24 invoicing. The Lab, over the upcoming year, will have 25 contractor assistance in migrating to a single LIMS, and</p>	<p style="text-align: right;">Page 100</p> <p>1 You should see Chapter 307 later this year for review and 2 your potential approval. 3 This rule revision and approval must first be 4 approved by the Water Quality Management Advisory 5 Council. And Shellie spoke briefly to the reorganization 6 of that council. It's going to present new challenges 7 for rule passage, particularly for laboratory 8 accreditation, since those rules are brand new to that 9 council. And that's all I have for you this afternoon. 10 Questions, lab questions? Thank you very 11 much. 12 MR. WENDLING: All right. Thank you. 13 Does the Board have any questions for any of 14 the previous speakers on any updates they provided? 15 Again, I want to thank them for, what I call, 16 giving us kind of a big picture of their particular 17 areas, and giving us an overview of the responsibilities, 18 and some of the changes they have implemented, and some 19 of the challenges they have before them. So, I know it 20 was kind of a drive-by with a lot of information, but I 21 think it's important for us to really get a picture of 22 what is going on within the agency, and what we see now, 23 and what we see in the future. So, with that, thank you, 24 Scott. 25 Do you have anything else for the Board right</p>
<p style="text-align: right;">Page 99</p> <p>1 I can't wait until we can actually get that accomplished. 2 Emergency response to core requirements for 3 principal State Labs. The SELS continues to provide 4 emergency assistance not only to ECLS, water quality, 5 land and air quality, but also to other State and private 6 entities such as GRDA, with the Lab's current assistance 7 with the investigation of high bacteria at Bernice State 8 Park, and some of you may have seen that in the news as 9 of late. 10 The Lab continues to train for large 11 emergencies one or two times annually, participating in 12 national EPA exercises, with the Water Laboratory 13 Alliance, and the Environmental Response Laboratory 14 Network. The last national exercise we truly 15 participated in involved three different EPA regions in 16 nine states. 17 Laboratory accreditation is also a principal 18 lab requirement, and the DEQ Lab Accreditation Program 19 has a goal to become a nationally accredited program with 20 what goes with that. Some of you may have seen Chapter 21 303 TMI Laboratory accreditation in the past, which had 22 an implementation goal of initially January 2014, and 23 then a later goal of January 1st, 2016. Chapter 303 has 24 become Chapter 307, a TMI Laboratory accreditation still 25 with the same implementation date of January 1st, 2016.</p>	<p style="text-align: right;">Page 101</p> <p>1 now? 2 MR. THOMPSON: No. 3 MR. KUNZE: John, I would like to ask, as 4 we've moved through the Agenda this morning, we have been 5 able to absorb a lot of information, like you said, about 6 the challenges that they are facing with the budget 7 changes and the things that are going on within the 8 divisions, as well as the Legislature. I sit here and I 9 think, it's nearly six months to the day since Scott 10 assumed his leadership position, and I would like the 11 opportunity for the full Board to be able to have a 12 two-way discussion with Scott and provide some feedback. 13 And so, with that, I was going to ask and make a motion 14 that we move into Executive Session to allow that to 15 happen, appointing someone to take the notes. 16 MR. GRIESEL: I'll second. 17 MR. WENDLING: All right. Let's have a roll 18 call on the proposal, please. 19 MS. FIELDS: Mr. Blankenship? 20 MR. BLANKENSHIP: Yes. 21 MS. FIELDS: Mr. Ferrell? 22 MR. FERRELL: Yes. 23 MS. FIELDS: Mr. Griesel? 24 MR. GRIESEL: Yes. 25 MS. FIELDS: Dr. Hammon?</p>

<p style="text-align: right;">Page 102</p> <p>1 DR. HAMMON: Yes.</p> <p>2 MS. FIELDS: Mr. Johnston?</p> <p>3 MR. JOHNSTON: Yes.</p> <p>4 MS. FIELDS: Mr. Kinder?</p> <p>5 MR. KINDER: Yes.</p> <p>6 MS. FIELDS: Ms. Kunze?</p> <p>7 MS. KUNZE: Yes.</p> <p>8 MS. FIELDS: Mr. Munson?</p> <p>9 MR. MUNSON: Yes.</p> <p>10 MS. FIELDS: Mr. Sims?</p> <p>11 MR. SIMS: Yes.</p> <p>12 MS. FIELDS: Ms. Turner?</p> <p>13 MS. TURNER: Yes.</p> <p>14 MS. FIELDS: Mr. Wendling?</p> <p>15 MR. WENDLING: Yes.</p> <p>16 MS. FIELDS: Motion passed.</p> <p>17 MR. WENDLING: And before we reconvene in the</p> <p>18 area that's been designated, David, can you do the</p> <p>19 minutes for us, please? Thank you.</p> <p>20 (Executive Session from 12:37 p.m. to 1:45</p> <p>21 p.m.)</p> <p>22 MR. WENDLING: All right. I would like to</p> <p>23 have a motion to reconvene.</p> <p>24 MR. GRIESEL: I'll motion to reconvene.</p> <p>25 DR. HAMMON: Second.</p>	<p style="text-align: right;">Page 104</p> <p>1 everyone for being very patient with us, and it looks</p> <p>2 like we still have some of our audience present. And I</p> <p>3 do know that we have some growing stomachs. So, we'll</p> <p>4 try to move along as promptly as we can.</p> <p>5 We, of course, met with Scott, and gave an</p> <p>6 opportunity for the Board members to discuss the agency,</p> <p>7 and the different plans and activities going on, and the</p> <p>8 performance of the agency.</p> <p>9 Anyway, I wanted to read a statement, a few</p> <p>10 comments representing the Board. "Overall we are pleased</p> <p>11 with the direction of the agency, where it's heading, and</p> <p>12 the changes that have been implemented to date. We do</p> <p>13 want to thank Scott and his staff for taking control and</p> <p>14 making the needed changes for the agency. We've heard a</p> <p>15 lot of positive feedback that we have received</p> <p>16 individually in each of the different areas and different</p> <p>17 meetings that we've attended. And so, I guess our</p> <p>18 message is keep moving along, Scott. Good job."</p> <p>19 A couple of things, one is we really want to</p> <p>20 thank you and your staff for putting the budget</p> <p>21 presentation together. It's probably the most</p> <p>22 comprehensive information we've seen in many years</p> <p>23 regarding the budget and the details around the budget.</p> <p>24 So, again, we want to express our appreciation for all of</p> <p>25 the hard work that went into doing that. And, also, we</p>
<p style="text-align: right;">Page 103</p> <p>1 MR. WENDLING: All right. Roll call, please.</p> <p>2 MS. FIELDS: Mr. Blankenship?</p> <p>3 MR. BLANKENSHIP: Yes.</p> <p>4 MS. FIELDS: Mr. Ferrell?</p> <p>5 MR. FERRELL: Yes.</p> <p>6 MS. FIELDS: Mr. Griesel?</p> <p>7 MR. GRIESEL: Yes.</p> <p>8 MS. FIELDS: Dr. Hammon?</p> <p>9 DR. HAMMON: Yes.</p> <p>10 MS. FIELDS: Mr. Johnston?</p> <p>11 MR. JOHNSTON: Yes.</p> <p>12 MS. FIELDS: Mr. Kinder?</p> <p>13 MR. KINDER: Yes.</p> <p>14 MS. FIELDS: Ms. Kunze?</p> <p>15 MS. KUNZE: Yes.</p> <p>16 MS. FIELDS: Mr. Munson?</p> <p>17 MR. MUNSON: Yes.</p> <p>18 MS. FIELDS: Mr. Sims?</p> <p>19 MR. SIMS: Yes.</p> <p>20 MS. FIELDS: Ms. Turner?</p> <p>21 MS. TURNER: Yes.</p> <p>22 MS. FIELDS: Mr. Wendling?</p> <p>23 MR. WENDLING: Yes.</p> <p>24 MS. FIELDS: Motion passed.</p> <p>25 MR. WENDLING: Thank you. I want to thank</p>	<p style="text-align: right;">Page 105</p> <p>1 want to express our appreciation to all of the directors</p> <p>2 for their presentations that they gave, and especially</p> <p>3 those that gave some color in what they are doing in</p> <p>4 light of the strategy in implementing the plans of the</p> <p>5 agency. That helped us see that we are moving forward,</p> <p>6 and that we are implementing, you know, changes that have</p> <p>7 been identified. So, kudos to all of you, and thank you</p> <p>8 for sharing that information.</p> <p>9 Do any of the other Board Members have any</p> <p>10 comments they would like to make?</p> <p>11 Okay. With that, we will move to new</p> <p>12 business, Number 7 on the Agenda. And new business is</p> <p>13 any matter not known about which could not have been</p> <p>14 reasonably foreseen prior to the time of posting the</p> <p>15 Agenda. So, do we have any new business? Any business</p> <p>16 from the Board or business from the public?</p> <p>17 Okay. Hearing none, we will move on. The</p> <p>18 next item is our next meeting date. We are currently</p> <p>19 scheduled August 19th of this year in Quartz Mountain,</p> <p>20 Oklahoma. So we will reconvene at that time for our</p> <p>21 regularly scheduled meeting.</p> <p>22 And now we are to the point where I would like</p> <p>23 to move forward to the adjournment of the meeting. So,</p> <p>24 anyway, I want to thank everyone for being here today.</p> <p>25 It was a good meeting and good information that was</p>

<p style="text-align: right;">Page 106</p> <p>1 presented to all of us.</p> <p>2 Can I have a motion from the Board?</p> <p>3 MR. KINDER: I move.</p> <p>4 MS. KUNZE: I second.</p> <p>5 MR. WENDLING: All right. Roll call, please.</p> <p>6 MS. FIELDS: Mr. Blankenship?</p> <p>7 MR. BLANKENSHIP: Yes.</p> <p>8 MS. FIELDS: Mr. Ferrell?</p> <p>9 MR. FERRELL: Yes.</p> <p>10 MS. FIELDS: Mr. Griesel?</p> <p>11 MR. GRIESEL: Yes.</p> <p>12 MS. FIELDS: Dr. Hammon?</p> <p>13 DR. HAMMON: Yes.</p> <p>14 MS. FIELDS: Mr. Johnston?</p> <p>15 MR. JOHNSTON: Yes.</p> <p>16 MS. FIELDS: Mr. Kinder?</p> <p>17 MR. KINDER: Yes.</p> <p>18 MS. FIELDS: Ms. Kunze?</p> <p>19 MS. KUNZE: Yes.</p> <p>20 MS. FIELDS: Mr. Munson?</p> <p>21 MR. MUNSON: Yes.</p> <p>22 MS. FIELDS: Mr. Sims?</p> <p>23 MR. SIMS: Yes.</p> <p>24 MS. FIELDS: Ms. Turner?</p> <p>25 MS. TURNER: Yes.</p>	<p style="text-align: right;">Page 108</p> <p>1 your presentation. Forums allow you to make suggestions</p> <p>2 or express concerns about environmental rules, laws, or</p> <p>3 policy. However, concern with an action or decision in a</p> <p>4 specific case or matter, such as a particular permit</p> <p>5 application or enforcement of a case, should not be</p> <p>6 communicated directly to the -- or should be communicated</p> <p>7 directly to the Department. The Board can not and does</p> <p>8 not intervene in those case specific decisions. We also</p> <p>9 ask that you not use the forum to advertise or publicize</p> <p>10 commercial products or services. Because of the nature</p> <p>11 of the issues that are appropriate for the forum, you may</p> <p>12 not receive an immediate response to your comments.</p> <p>13 Department staff and/or the Board generally will need</p> <p>14 some time to evaluate the comments and respond to them,</p> <p>15 and we will get back with you."</p> <p>16 so, I have four people that have signed up,</p> <p>17 and apparently a few have left. So let me read these</p> <p>18 names, and raise your hand if you are still here. Ike</p> <p>19 Bandy? Okay. Sharon Reese? Okay. Harold Long? Okay.</p> <p>20 Regina Peoples? Okay.</p> <p>21 All right. So, let's start off with Ike</p> <p>22 Bandy. You're a landowner, and your subject matter to</p> <p>23 the Board is a disposal well. So, welcome, Ike, and I</p> <p>24 appreciate you visiting with us.</p> <p>25 MR. BANDY: Yes. Now I remember when our good</p>
<p style="text-align: right;">Page 107</p> <p>1 MS. FIELDS: Mr. Wendling?</p> <p>2 MR. WENDLING: Yes.</p> <p>3 MS. FIELDS: Motion passed.</p> <p>4 MR. WENDLING: Thank you. All right. Now we</p> <p>5 are adjourned, and we are to the public forum that we</p> <p>6 always have following our meeting. And so I would like</p> <p>7 to read a statement on that.</p> <p>8 "Welcome to this public forum of the Oklahoma</p> <p>9 Quality Board. Public input is valuable to the Board and</p> <p>10 the Department, and we welcome your participation. If</p> <p>11 you desire to make comments today at today's forum, but</p> <p>12 you have not signed the sheet at the front of the table,</p> <p>13 please do so now or raise your hand."</p> <p>14 Right now I have four people that have signed</p> <p>15 in for the public forum, and I'll read those as we go</p> <p>16 along.</p> <p>17 MS. PENISTEN: I think a couple of them have</p> <p>18 left already, but I'm not sure who. I'm not sure what</p> <p>19 their names are.</p> <p>20 MR. WENDLING: Okay. Let me finish then.</p> <p>21 I'll read the names, and we'll see who is still here.</p> <p>22 MS. PENISTEN: Sorry.</p> <p>23 MR. WENDLING: "Please try to limit your</p> <p>24 comments to five minutes. I will advise you when your</p> <p>25 five minutes have passed, and we will ask you to complete</p>	<p style="text-align: right;">Page 109</p> <p>1 hometown boy, Governor Nigh, used to come, and he would</p> <p>2 make speeches before graduation ceremonies and retirement</p> <p>3 dinners and everything. And he always told a story</p> <p>4 before he started his presentation.</p> <p>5 Well, I read in this farm magazine this story</p> <p>6 about these little third graders was studying the oceans.</p> <p>7 Well, the teacher said, you know, said, "There's just no</p> <p>8 way that a big fish could have swallowed Jonah. And this</p> <p>9 little girl, she said, "Well, I don't know. That's what</p> <p>10 it says in the Bible." She said, "When I get to Heaven,</p> <p>11 I'll ask Jonah if that's true." And then he said, "Well,</p> <p>12 what if Jonah don't make it to Heaven?" She said, "Well,</p> <p>13 if Jonah goes to hell," she said, "well, then you ask</p> <p>14 him."</p> <p>15 No, my concern was out there in my</p> <p>16 community -- and Jimmy told me I need to address the</p> <p>17 Corporation Commission about a disposal well that's there</p> <p>18 that we tried to stop as it was going in. And we hired a</p> <p>19 lawyer in Fort Worth to go take it to the EPA, and we had</p> <p>20 some fundraisers, and we had him paid and ready to go,</p> <p>21 and he had a heart attack and died. So, we didn't get</p> <p>22 nothing done, and the disposal well went in. And it's</p> <p>23 not two hundred yards from the lake when the lake is up,</p> <p>24 like it is now. And, you know, one of these days it's</p> <p>25 going to do a lot of polluting down there.</p>

<p style="text-align: right;">Page 110</p> <p>1 But I will get ahold of the Corporation 2 Commission and see if I can get them to address the 3 thing. They run in and out of there day and night. And 4 one issue was, we had -- our County Commissioner was 5 working on the road out there and was getting water out 6 of the lake, you know, to wet the roads down. And he 7 said one of his hands come back and said, "Well, that 8 truck was down there dumping in the lake when he was 9 trying to get back up there to get some water, you know, 10 off of the old highway." And I, myself, one day I was 11 going up Highway 69, and I was following one of them 12 trucks, and the valve was open, and he was just 13 scattering along the highway there, and it got on my car. 14 It took me two or three washings to get it off of that 15 car, and it was on that highway for six months. 16 So now, they just have -- after they get 17 something approved, they seem like they just don't care 18 about, you know, following the rules. And it's -- we 19 tried to get the other area people that get their water 20 from the lake for drinking and everything in with us, and 21 we could not get them involved. I mean, they were for 22 us, but they wouldn't put up any money to help us. So we 23 finally gave it up. But it's still a problem out there, 24 and I will take it before the Corporation Commission. 25 The guy that was putting the well in asked us</p>	<p style="text-align: right;">Page 112</p> <p>1 community. 2 Mostly I'm here because I would like to thank 3 DEQ. DEQ's programs have made a lot possible in our 4 community. We host a cleanup biannually where we collect 5 tires to have them recycled. We actually host that 6 program at the armory that DEQ abated, and we are in the 7 process of working through the Brownfields grant to 8 restore the OKLA Theater. Ms. Dixon showed you a picture 9 in her slide of that. And I would very much like to 10 invite you all to come back in September when asbestos is 11 out of that theater, and I would love to show you the 12 inside so you can see what your money is doing for us. 13 As far as concerns that I have, or the 14 community has, I would like to say, I know our 15 organization and several other organizations across the 16 State would very firmly support gray water reclamation 17 legislation. So, if there's any interest through DEQ, I 18 would highly recommend that you contact ORA, the Oklahoma 19 Recycling Association, and I know that you have support 20 from Pittsburg County and probably from the entire State. 21 If that's something that you might be able pursue, you 22 know, we can contribute time and resources if that's 23 needed. That's all. I really just wanted to say thank 24 you. 25 MR. WENDLING: All right. Thank you, Regina.</p>
<p style="text-align: right;">Page 111</p> <p>1 if he could come to one of our meetings, and we said, 2 "Well, yeah, sure. Come. We'll be glad to hear your 3 presentation." Well, he drove up with the Corporation 4 Commission's inspector in the car with him, you know, and 5 we didn't get anywhere. 6 So, I will take Jimmy's advice and bring it up 7 before the Corporation Commissioner. Thank you. 8 MR. WENDLING: All right. Thank you. Thank 9 you, Mr. Bandy. And I think you're doing the right 10 thing, if it's about elevation, bringing it to the 11 attention of the right people. 12 Jimmy, does he need any specific phone numbers 13 or anything like that we can help with? 14 MR. GIVENS: Yeah. We have his contact 15 information, and we'll get him a specific phone number to 16 use. 17 MR. WENDLING: All right. Thank you very 18 much. 19 All right. Next we have Regina Peoples, and 20 the subject matter is DEQ programs. Regina. 21 MS. PEOPLES: Thank you, sir. First of all, I 22 would like to introduce myself. My name is Regina 23 Peoples, and I'm the executive director for a local 24 non-profit called Pride in McAlester. We work to promote 25 sustainability and environmental awareness in the</p>	<p style="text-align: right;">Page 113</p> <p>1 It's good -- sometimes in the public forums, there are 2 issues and concerns, but it's nice every now and then to 3 have someone raise the flag and say thank you. So we 4 appreciate your feedback and what you do here in 5 McAlester. Thank you. 6 All right. With that, we have no more people 7 who have signed up for the public forum. So, if there 8 are no other items, we are officially adjourned. Thank 9 you all and drive safely. 10 (Adjourned at 2:01 p.m.) 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>

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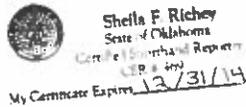
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I, Sheila F. Richey, Certified Shorthand Reporter, do hereby certify that the foregoing record was taken by me in shorthand and thereafter transcribed; that the same is true and accurate; that the same was taken on the date aforementioned and under the stipulations hereinbefore set out; and that I am not an attorney for, nor relative of any of said parties, nor otherwise interested in the event of said action.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 26th day of June, 2014.

Sheila F. Richey, CSR

Sheila F. Richey
Certified Shorthand Reporter





ENVIRONMENTAL QUALITY BOARD

Attendance Record

June 17, 2014

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Mark Fields	DEQ
Ray Walker	DEQ
Amy Cook	DEQ
Jimmy Dugan	DEQ
Dad	DEQ
Kellee Cheryl McCleary	DEQ
Amber Miller	DEQ
Cindy Priestly	DEQ
Billy Smith	DEQ
Sharon Reese	DEQ
Skylar	DEQ
Bud Ground	PSO
Tracy Hammon	DEQ Board
Keagan Lacey	P66
Vincent Aljirong	P66
Tom Ketchum	DEQ
Michelle Wynn	DEQ
JAN WENTLING	DEQ Bd
Jarvy Johnea	CL 11
Sally Norris-Johnston	visitor
James W. Rice	DEQ Bd
Tim Munsal	DEQ
Shannon L. Ferrell	EQB
FENTON ROOD	DEQ



ENVIRONMENTAL QUALITY BOARD

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June 17, 2014

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 CHRIS ARMSTRONG DEQ
 Lloyd Kirk DEQ
 Dan Blankenship Board
 Lacey Sudderth Main Street association
 Donnie Condit Dist 18 ST Rep
 Clayton Eubanks OAG
 Catherine Sharp DEQ
 Loretta Turner Board
 Stephanie Giacamo MCHL
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