

**MINUTES
ENVIRONMENTAL QUALITY BOARD
SEPTEMBER 19, 2017
REI OKLAHOMA
DURANT, OKLAHOMA**

Official EQB Approved
On November 7, 2017

Notice of Public Meeting – The Environmental Quality Board (Board) convened for a Regular Meeting at 9:30 a.m., at the REI Oklahoma, 2912 Enterprise Boulevard Durant, 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 October 13, 2016 and again April 25, 2017. The agenda was mailed to interested parties on September 8, 2017, and was posted at the DEQ and the facility on September 18, 2017. Mr. Tim Munson, Chair, called the meeting to order. Mr. Scott Dewald, President and CEO of REI Oklahoma, talked on REI Oklahoma and safety precautions in case of an emergency. Ms. Fields called roll and a quorum was confirmed.

MEMBERS PRESENT

Shannon Ferrell
Tracy Hammon
Jimmy Kinder
Jan Kunze
Homer Nicholson
Michel Paque
Tim Munson

DEQ STAFF PRESENT

Scott Thompson, Executive Director
Jimmy Givens, Deputy Executive Director
Martha Penisten, General Counsel
Michelle Wynn, Legislative Liaison
Eddie Terrill, Air Quality Division
Chris Armstrong, State Environmental Laboratory Services
Kelly Dixon, Land Protection Division
Lloyd Kirk, Office of External Affairs
Richard McDaniel, Environmental Complaints & Local Services
Jeff Brents, Environmental Complaints & Local Services
Shellie Chard, Water Quality Division
Erin Hatfield, Office of External Affairs
Skylar McElhaneey, Office of External Affairs
Cindy Przekurat, Executive Director's Office
Kathy Aebischer, Administrative Services Division
Paul Parks, Water Quality Division
Quiana Fields, Board & Council Secretary

MEMBERS ABSENT

Daniel Blankenship
David Griesel
Steve Mason
Billy Sims
John Wendling

OTHERS PRESENT

Clayton Eubanks, Office of the Attorney General
Carly Cordell, Office of the Secretary of Energy & Environment
Katie Lippoldt, Office of the Secretary of Energy & Environment
Ron Boyer, County Commissioner
Shannon Duncan, Court Reporter

Approval of Minutes – Mr. Ferrell moved to approve the Minutes from the February 17, 2017 Regular Meeting. Dr. Hammon made the second.

	<i>transcript pages 9 - 10</i>		
Shannon Ferrell	Yes	Homer Nicholson	Yes
Tracy Hammon	Yes	Michel Paque	Abstain
Jimmy Kinder	Yes	Tim Munson	Yes
Jan Kunze	Yes		

Executive Director's Report – Mr. Thompson, Executive Director of the DEQ, discussed current agency activities and legislative updates. Also, Mr. Thompson announced Ms. Martha Penisten, General Counsel of the DEQ, retirement and thanked her for her service.

transcript pages 10 - 27

Budget Update and Financial Overview (FY 2018) – Mr. Thompson then called upon Ms. Kathy Aebischer, Chief Financial Officer of the DEQ, who gave an update on the FY 2018 budget.

transcript pages 27 - 35

DEQ Operational Budget Request (FY 2019) – Ms. Aebischer gave a presentation on the DEQ budget requests. The operational budget request for SFY 2019 must be submitted to OMES by October 1, 2017. Following discussion, Mr. Munson called for a motion. Mr. Nicholson moved to approve and Mr. Ferrell made the second.

transcript pages 35 - 42

Shannon Ferrell	Yes	Homer Nicholson	Yes
Tracy Hammon	Yes	Michel Paque	Yes
Jimmy Kinder	Yes	Tim Munson	Yes
Jan Kunze	Yes		

Employee Disclosures – Ms. Penisten, stated the Environmental Quality Code requires certain DEQ employees involved in reviewing, issuing or enforcing permits to disclose financial interests they hold in entities regulated by the DEQ. The DEQ is required to submit these disclosures to the Board and make them part of the minutes. This year was one DEQ employee that submitted disclosures: Kelly Dixon, LPD.

transcript pages 42 - 43

Calendar Year 2018 Board meeting dates and locations – Mr. Munson opened the floor for discussion regarding the Board meeting CY 2018 dates and locations. Following discussion, Ms. Kunze made a motion to approve the 2018 Board meeting dates and locations for Friday, February 16 in Oklahoma City; Tuesday, June 12 in Oklahoma City; Tuesday, September 11 in Weatherford and Friday, November 9 in Guthrie. Mr. Kinder made the second.

transcript pages 43 - 45

Shannon Ferrell	Yes	Homer Nicholson	Yes
Tracy Hammon	Yes	Michel Paque	Yes
Jimmy Kinder	Yes	Tim Munson	Yes
Jan Kunze	Yes		

New Business – Mr. Clayton Eubanks, Attorney General, stated that Senate Bill 403, which makes changes to the Oklahoma Meetings Act, will go in effect November 1.

transcript page 46

Next Meeting – The next regular meeting is scheduled for November 7, 2017 in Tahlequah, Oklahoma.

Adjournment – Mr. Munson called for a motion to adjourn. Mr. Kinder moved to adjourn and Mr. Nicholson made the second. Meeting adjourned at 10:45 a.m.

transcript pages 46 - 47

Shannon Ferrell	Yes	Homer Nicholson	Yes
Tracy Hammon	Yes	Michel Paque	Yes
Jimmy Kinder	Yes	Tim Munson	Yes
Jan Kunze	Yes		

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

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY
ENVIRONMENTAL QUALITY BOARD

MEETING and PUBLIC FORUM
SEPTEMBER 19, 2017 - 9:30 A.M.

REI OKLAHOMA
2912 Enterprise Blvd.,
Durant, Oklahoma 74701

Reported By: Shannon Duncan, CSR #1984

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1 BOARD MEMBERS PRESENT:
2 Chairman Tim Munson
3 Mr. Shannon Ferrell
4 Dr. Tracy Hammon
5 Mr. James Kinder
6 Ms. Jan Kunze
7 Mr. Homer Nicholson
8 Mr. Michel Paque
9
10 BOARD MEMBERS ABSENT:
11 Mr. Daniel Blankenship
12 Mr. David Griesel
13 Mr. Steve Mason
14 Mr. John Wendling
15 Mr. Billy G. Sims
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1 CALL TO ORDER - 9:30 A.M.
2 MR. TIM MUNSON: Go ahead and call the meeting to
3 order. I appreciate everybody being here this morning.
4 September 19, 2017, regular meeting of the Environmental
5 Quality Board has been called according to the Oklahoma
6 Meeting Act, Section 311 of Title 25 of the Oklahoma statutes.
7 Notice was filed by Secretary of State on October 13, 2016
8 and April 25th of 2017. Agendas were mailed to interested
9 parties on September 8th of 2017, and were posted at the DEQ
10 and facility on September 18th, 2017.
11 Only matters appearing on the posted agenda may be
12 considered. In the event this meeting is continued or
13 reconvened, we must announce today the date, time, and place
14 of continued meeting, as well as the agenda for such
15 continuation, and it will remain the same as today's agenda.
16 Couple of announcements. I'd like to welcome
17 Mike Paque to the Board. This is his first official meeting.
18 Appreciate you serving.
19 I've been asked to please announce that if you have
20 to take a phone call, instead of just going outside these
21 doors, if we can go outside of the facility, because there are
22 some folks in offices just adjacent to us here. And so, out
23 of courtesy to them, please go outside.
24 And I would like to introduce Scott Dewald, who is
25 the president and CEO of REI Oklahoma. He is going to tell us

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1 a little bit about REI, as well as give us some safety
2 information.
3 MR. DEWALD: All right. Thank you.
4 Welcome everybody. We are so happy to have you all
5 here. I know several of you, our paths have crossed in the
6 past. Jimmy and I, Michelle and I, when she and I worked at
7 the Cattlemen's Association together. I was there for
8 17 years in Oklahoma City.
9 I do, before I go any further, would like to make an
10 introduction, because I think everyone here needs to know this
11 guy. One of our county commissioners, Ron Boyer, is here.
12 Ron does a lot of great work. He's with my commissioner, in
13 fact. And so I appreciate him being here.
14 But I wanted to just welcome everyone here. When
15 Michelle called and said we want to have a meeting in Durant.
16 I said, Well, let's us host it. We'd love to. We want to do
17 everything we can to get our story out.
18 Of course, I get to see Lloyd at a lot of the RAP
19 meetings, which is Rural Action Planning group that we
20 participate in.
21 Little bit about the safety, let's cover that first,
22 if we might. In the event of a tornado -- and there's not one
23 anywhere close by -- but in the event of one -- the women's
24 restroom is designated as a storm shelter, safe room. And
25 then our kitchen, which is just down this hallway and back to

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1 your left, is also designated as a safe room.
2 Obviously, if we have a fire, there will be an
3 announcement made, and we'll vacate the building and go out to
4 the north side out this direction.
5 If you are at a doorway and you see a green button,
6 you'll need to push that green button in order to get out.
7 There's magnetic locks on everything. And, so, if you're
8 trying to get out of a door and you can't, look over, if
9 there's a little green button, push it until we hear a click,
10 and then you can get right out. And then if you want to come
11 back to the front door to get in, we can do that. But we have
12 a lot of different wings of this building, so that's the only
13 way we can take of security to make sure that we know people
14 are where they're supposed to be, where and why.
15 I do want to spend just a little bit of time, if I
16 might, talking about what REI is, because a lot of people have
17 asked, what is REI? What's it do?
18 REI stands for Rural -- which is important to me,
19 I'm a farm guy -- Rural Enterprises Incorporated. We are a
20 nonprofit mission lender in the state of Oklahoma. We were
21 formed 35 years ago. Our founder is a guy everybody here has
22 -- at least knew his name, it's Wes Watkins. The reason Wes
23 formed REI was because he didn't feel Little Dixie was getting
24 enough attention from the federal government on an -- on any
25 of its programs and services. They weren't being deployed in

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1 Southeast Oklahoma and Little Dixie.
 2 We are now a statewide organization. And I have
 3 brought with me some brochures. I'll leave them up here for
 4 you. We do small business lendings. We do housing lendings.
 5 We do SBA lending. You're in the Women's Business Center. We
 6 have a function -- we provide about 1400 trainings a year for
 7 women business owners on everything from how to use QuickBooks
 8 to market your business, to legal issues, Shannon, to how to
 9 work with the tax commission, how to work with regulatory
 10 agencies. So any good relationship we can have with DEQ is a
 11 great thing.
 12 And I will say this, I think, Mr. Chairman, you need
 13 to hear this: I am part of a group called Team Durant and a
 14 part of our Economic Development group. We've had a lot of
 15 great things happening in this part of the country. And I
 16 have yet to go to a meeting -- Ron, you can check me if you
 17 want to -- where I haven't been told DEQ is doing what it
 18 needs to do to get its job done fast so we can get the jobs
 19 going. So my hat's off to your service-minded mentality. We
 20 understand regulation is necessary, but we also understand
 21 there's a way to expedite that and make everybody happy and
 22 get things done. So congratulations to you-all on that.
 23 A lot of people -- and I'll show this -- we are
 24 celebrating our 35th anniversary. And a lot of people that
 25 were coming here said they thought they were coming to REI

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1 that sells sporting goods. So our marketing team actually --
 2 (laughter)
 3 We don't sell backpacks.
 4 Now, jokingly, I also say, we don't sell some
 5 services provided by REI out of Stillwater, which is in the
 6 cattle business and does some stuff.
 7 But our vision at REI is to expand Oklahoma's
 8 prosperity. And we do that through housing programs; through
 9 lending programs; through incubator programs. We have 80,000
 10 foot of incubator space here. Shannon asked me a minute ago
 11 how much space is available. None. It's a hundred percent
 12 leased up and typically is a hundred percent leased up.
 13 We'll put companies in for the first two or
 14 three years, get them on their feet, look at their financials
 15 on a monthly basis, work with them, and then kick them out of
 16 the nest, and off they go. We've had some very successful
 17 companies that have incubated here. One of which is
 18 Allied Stone. Started with two people, and now have 150
 19 employees right here in Durant, Oklahoma.
 20 So our tentacles go a lot of different places.
 21 Again, we are a statewide organization. If there's any --
 22 ever an opportunity for us to work with you-all, we're more
 23 than happy to do that. We'd love to do that. If you-all know
 24 of projects in your own areas that need some special
 25 attention, please feel free to give us a call. I'm going to

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1 leave my card here as well and wish you-all a good meeting.
 2 Thank you, Mr. Chairman.
 3 MR. TIM MUNSON: Thank you, Scott.
 4 All right. Quiana, can we have roll call?
 5 MS. QUIANA FIELDS: Mr. Blankenship is absent.
 6 Mr. Ferrell?
 7 MR. SHANNON FERRELL: Present.
 8 MS. QUIANA FIELDS: Mr. Griesel is absent.
 9 Dr. Hammon?
 10 DR. TRACY HAMMON: Here.
 11 MS. QUIANA FIELDS: Mr. Kinder?
 12 MR. JAMES KINDER: Here.
 13 MS. QUIANA FIELDS: Ms. Kunze?
 14 MS. JAN KUNZE: Here.
 15 MS. QUIANA FIELDS: Mr. Mason is absent.
 16 Mr. Nicholson?
 17 MR. HOMER NICHOLSON: Here.
 18 MS. QUIANA FIELDS: Mr. Paque?
 19 MR. MIKE PAQUE: Here.
 20 MS. QUIANA FIELDS: Mr. Sims is absent.
 21 Mr. Wendling is absent.
 22 Mr. Munson?
 23 MR. TIM MUNSON: Here.
 24 MS. QUIANA FIELDS: We have a quorum.
 25 MR. TIM MUNSON: Thank you.

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1 You've all been provided a copy of the minutes of
 2 our February 17th -- or excuse me -- yeah, February 17, 2017
 3 meeting.
 4 Are there any changes or modifications that need to
 5 be made to the minutes?
 6 MR. SHANNON FERRELL: Move to approve the minutes as
 7 written.
 8 DR. TRACY HAMMON: Second.
 9 MR. TIM MUNSON: We have a motion to second. Can we
 10 have a roll call, please?
 11 MS. FIELD: Mr. Ferrell?
 12 MR. SHANNON FERRELL: Yes.
 13 MS. QUIANA FIELDS: Dr. Tracy Hammon?
 14 DR. TRACY HAMMON: Yes.
 15 MS. QUIANA FIELDS: Mr. Kinder?
 16 MR. JAMES KINDER: Yes.
 17 MS. QUIANA FIELDS: Ms. Kunze?
 18 MS. JAN KUNZE: Yes.
 19 MS. QUIANA FIELDS: Mr. Nicholson?
 20 MR. HOMER NICHOLSON: Yes.
 21 MS. QUIANA FIELDS: Mr. Paque?
 22 MR. MIKE PAQUE: Since I wasn't here, I will abstain
 23 since we have a quorum.
 24 MS. QUIANA FIELDS: Mr. Munson?
 25 MR. TIM MUNSON: Yes.

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1 MS. QUIANA FIELDS: Motion passed.
 2 MR. TIM MUNSON: Thank you.
 3 Next item on the agenda is our Executive Director's
 4 Report.
 5 Scott, you please have that?
 6 MR. SCOTT THOMPSON: All right. Well, we're happy
 7 to be here in Durant. That's loud, from here anyway. The --
 8 we've done some work in this area. Couple of years ago we
 9 worked on the micro mill that's outside of town. I think it's
 10 called CMC. Is that right? And they brought quite a few jobs
 11 and a very modern facility to the area. And Lloyd, in the
 12 external affairs group, and the air staff, the water staff,
 13 everybody worked together to work through the permit process,
 14 et cetera, and I think they've done an expansion or continuing
 15 work on an expansion, to bring some additional jobs here. So
 16 that's a good deal.
 17 And we've done some work through our Site Cleanup
 18 Assistance Program. That's the money that we've used to clean
 19 up armories that comes from some of the fuel assessment, the
 20 portion of that that we receive to remove asbestos, floor
 21 tiles, insulation, and window panels, remove some lead paint.
 22 The building is suitable for reuse now, and it's being
 23 occupied by the Girls & Boys Club, that's the Durant Middle
 24 School. And that cost a couple hundred thousand dollars.
 25 Durant City Hall, we also did some work through the

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1 Brownfields Target Assessment Program, and then we used the
 2 SCAP program to pay for asbestos abatement. So we identified
 3 asbestos in that building and helped clean that out. And that
 4 was a little over 100,000, 120,000. So we've been able to
 5 help out down here with some of those programs.
 6 The -- some of that funding, we got to meet with
 7 some Senate leadership this week, about yesterday, about our
 8 apportionment, which is they consider off-the-top, which that
 9 would include it in. And so we'll see what that means. That
 10 was kind of an interesting meeting. It was just sort of
 11 getting acquainted with what some of the concepts are, but
 12 that money's critical to doing this kind of work in
 13 communities, as well as matching Superfund sites, et cetera.
 14 And, interestingly, the person that Pruitt has
 15 appointed to run the Superfund program nationally and try to
 16 approve it, and get more things done faster is Mr. Kel --
 17 Kelly, Albert Kelly, who's from Bristow. And our current
 18 Superfund site, it's the newest one that we're starting to try
 19 to work on, is in Bristow, Oklahoma. So we hope to be able to
 20 fund that project as it goes along.
 21 And we do have another one that's proposed in
 22 Midwest City, the Eagle Industries site, which is a
 23 groundwater contamination from a historical
 24 chlorinated-solvent plume. And we're going to try to work
 25 with EPA to -- once that gets promulgated -- to try to do some

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1 early action to get people hooked up to city water. Because
 2 that's pretty much all we can do to make sure that their
 3 groundwater -- or their drinking water's not impacted. And
 4 then we'll work on a long-term cleanup of that plume.
 5 And we have some aquifer recharge rules going
 6 through the water council in October. We expect those to come
 7 to the Board in November. We've been working for a long time
 8 with the water board, and all the staff's been working on that
 9 pretty hard, and that'll be a good project.
 10 We have the potential to do some research projects
 11 in the Ada area, as well as perhaps some other parts of the
 12 state that we have the EPA Kerr Lab in Ada, Oklahoma. We also
 13 have the university there, the college, that is going to
 14 contribute to that. Former Senator Paddock is running a water
 15 research group there called the Oka Institute, I believe.
 16 And so we're excited to be able to go forward and do
 17 some pilot projects and do some real research on how to do
 18 this safely. And I think for the most part we'd be looking at
 19 stacking up water in times of planting in the ground so it
 20 doesn't all evaporate and making sure that that works well.
 21 And then, in times of need, we'll have some excess groundwater
 22 that people can draw on. I know the City of Lawton is
 23 interested in exploring that as well. And there's some active
 24 projects in Texas we can look at and get some data from that
 25 are -- seem to be working fine. So we're looking forward to

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1 that.
 2 We also have some indirect potable reuse rules that
 3 will be going to water council in January. And we expect
 4 those to come to the Board in next February during the
 5 session. And we're hoping that that moves along and we
 6 finally get those behind us, because it's been several years
 7 that we've been working on the water reuse rules, and this is
 8 the next set to do, but it looks like it's lined up reasonably
 9 well. It's a little bit of a challenging thing in some places
 10 and some of the water reuse options that people want to
 11 explore, but it's being done in other parts of the country,
 12 and so we're pursuing that.
 13 I was recently at the ECOS meeting last week. That
 14 was good. Ken Wagner is Pruitt's appointee to work on the
 15 state-federal relationship basically, to meet with all the
 16 states and regional offices to try to understand how things
 17 function, how to improve the state and federal relationship,
 18 and sort of get the roles more appropriate. So ECOS states
 19 have really a consensus of all states on what the state and
 20 federal relationship ought to be. And I don't have a copy
 21 with me, but on the ECOS website -- and we can make this
 22 available to y'all electronically -- there's a Cooperative --
 23 Federalism 2.0. There's a lot of talk about cooperate
 24 federalism. There has been a lot of talk over the years.
 25 It's not really been implemented in the way that, you know, is

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1 always meaningful. And sometimes in some programs it is and
2 other places it's not. So this is trying to define what the
3 state's role ought to be and what the federal government's
4 role ought to be. And a lot of those discussions have
5 involved the Secretary for Environment in California and I,
6 talking about how we can actually agree with each other on
7 some stuff.
8 So -- and we have a pretty much unanimous support
9 for that document and that viewpoint, on what the state and
10 federal ought to be. And Ken Wagner's going around and he's
11 met -- I think every state environmental director. He's met
12 with all the regional offices, and he knows everybody by their
13 first name, and he's making good decisions. He's sitting down
14 talking to people about issues and making solid, objective
15 recommendations about how to proceed with stuff. And so he's
16 doing well. And he's -- I hear great things about Ken from
17 everybody that works with him, and that's been my experience
18 as well. So I think that's good.
19 So, you know, we're continuing to push forward to
20 modify these roles, hopefully permanently, to have the state
21 be able to take on the task that really should be ours to do,
22 and not have EPA trying to duplicate that or work in counter
23 to that, and coming in and doing inspections on their own in
24 ways they don't really need to be. They need to be doing a
25 reasonable program review and function in an oversight

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1 capacity and make sure the playing field's level, and then
2 they need to provide support through laboratories, research,
3 things like that that states can't afford to do on our own,
4 and that really makes more sense to do in a centralized
5 fashion.
6 And, you know, we have a lab, EPA research lab, here
7 in Ada, Oklahoma. I mentioned that earlier. There's --
8 they're doing some good work. And we're trying to expand our
9 ability to work with those folks, with all the laboratories,
10 because at times states have not been able to work directly
11 with laboratories, and it's kind of confusing. So we're
12 working to try to break through that stuff. And I'm very
13 optimistic about where we're headed.
14 Now, there's going to be -- you know, we're going to
15 agree to fight over certain issues that are more political
16 than necessarily truly environmental concerns. But the part
17 we can agree on is what we need to try to put in place and try
18 to make it last for as long as possible. So that is where the
19 states are headed with policy at this point. And for the most
20 part, most EPA folks go along with it. There's some
21 resistance within EPA in certain areas that are just going to
22 try to wait out this set of folks and wait for the next one.
23 And so we'll just have to see if we can get that fixed, get
24 that dealt with.
25 But, of course, some of the folks weren't able to

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1 attend because they're dealing with hurricane response in
2 Florida and Texas and a bunch of other states, and EPA folks
3 are down there trying to help out. State of Oklahoma sent
4 quite a few people. And so we're -- you know, they've helped
5 us during some of our disasters, so we're doing likewise. And
6 it'll be interesting to see what the effect of the hurricane
7 response and recovery efforts is on some of the programs and
8 the approaches to things. But I always view it as an
9 opportunity to make things better. I mean, it's terrible that
10 it happens, but, you know, you might as well build things back
11 in a better way, more energy-efficient way, more
12 cost-effective way.
13 This summer we also hosted a meeting of the ERIS,
14 the Environmental Research Institute of the States, which is a
15 group that's a combination of ECOS states and EPA's research
16 folks, the office of research and development in Oklahoma
17 City. And we discussed a lot of regional strategies,
18 perspectives. I got to give a lot of input. And it was
19 supported by other states about how hard some of the rules are
20 on small systems. And I made some impact, and I talked about
21 how a lot of the smaller systems are leveraged to the max.
22 They have multiple loans. They're -- you know, they're
23 leveraged to the hilt. And every time we have a permit
24 renewal, or some new item comes up, there's a change to a
25 federal regulation, and we're at the point where we can't keep

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1 up with it. Especially if some of those regulations are based
2 on assumed health outcomes, not demonstrated throughout these
3 studies outcomes. So -- but what I'm talking about, small
4 systems EPA, they're thinking 3,000 people. I'm thinking a
5 hundred people. So I don't think -- I don't think I quite got
6 through the level of funding that some of these systems are
7 actually capable of supporting. And so, the -- I hope that's
8 an airplane. Okay.
9 So that was a worthwhile meeting. And there's some
10 changes in the regional offices trying to set up people to be
11 coordinators for different things with each state. And that's
12 going to be great, I think, but some of the folks don't know
13 that's their role yet, or just finding out that. The people
14 who are the coordinators didn't realize they were supposed to
15 be talking to states. So we worked on that some last week at
16 ECOS, and I think we're going to head that in the right
17 direction.
18 The -- another thing that we've done recently, and
19 with the help of the Oklahoma Rural Water Association, was to
20 work with the town of Locust Grove to do a water loss audit.
21 And, you know, go through and see where the water's actually
22 going, how much they're actually making, if -- and this is a
23 free service that we provide some of these systems. This
24 audit revealed that Locust Grove was losing approximately
25 272,000 gallons of water a day at a cost of more than \$500 a

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1 day. And as a result of that, Brandon Bowman from the
2 Water Quality Division helped work through these problems with
3 the city, and fixing leaks, and solving some of these
4 problems, and saved the town quite a bit of money. There's
5 not a dollar figure on here, but I'm thinking it's in the --
6 MS. SHELLIE CHARD: About 450,000.
7 MR. SCOTT THOMPSON: Right. It's a sizeable number
8 over time. I don't know how long a time period that
9 represents.
10 MS. SHELLIE CHARD: One year.
11 MR. SCOTT THOMPSON: One year. Okay. So that's
12 very substantial, and that's a good opportunity for us to save
13 things. But another -- back to some of the comments the EPA's
14 folks who work on risk evaluation stuff is we're sitting here
15 trying to save water, well, if you hold water in the system
16 longer, then you have disinfection byproduct problems. If you
17 focus on that too much, and you compromise disinfection, then
18 you have some real serious potential health effects right away
19 and economic effects from not being able to use that water.
20 And so it's -- these little systems, what I need are
21 solutions.
22 And there's a lot of talk -- one of the big topics
23 at ECOS this year was PFAS and PFOA, which is basically
24 flame-retardants and Teflon, Scotchgard-type materials that
25 are used in everything. And so there's a lot of work on that.

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1 There's a lot of looking at that. So far the samples that
2 I've seen analyzed in Oklahoma have not exceeded EPA's
3 recommended level, but that is a whole new arena. There's a
4 bunch of compounds out there. There's not that much known
5 about them all. So we're going to be wading through this.
6 It's going to be sort of the next big thing in water, I think,
7 for -- at least for water sampling and all of that. The
8 sampling is very difficult. We can't do it. We would have to
9 have some funding to gear up to be able to do that kind of
10 analysis.
11 And some of the things that we've gotten from some
12 of the other states in EPA about the protocol you have to go
13 through to sample is crazy. You can't transport stuff in a
14 car with Scotchgard seats. You can't use Teflon seals on your
15 containers, which we use on most sampling. You can't -- I
16 mean, there's just a litany of stuff that's just -- I mean,
17 it's pretty hard to envision how you could comply with all of
18 this in order to ensure that you don't have a false positive
19 on these materials. So that's going to be a big challenge.
20 And if people start getting tests, we're going to have to look
21 hard at how did they take the sample, how was the analysis
22 done, is it really there. And in order to -- if we see some
23 place that appears to be high, we're going to have to take
24 some time and some money and try to figure out and validate
25 whether it's real. And then there's the problem that this is

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1 really early and it's just a rough estimate of what kind of
2 numbers you got to look at. But of course, these days with
3 (inaudible) limits we have, all the numbers they come out with
4 are tiny, very small, parts per billion, parts per trillion.
5 And that's going to be a challenge.
6 ECLS has been working on soil profiles, on the rules
7 that govern, you know, onsite waste water systems, basically
8 your septic systems. And these onsite systems, you know,
9 perform based on soil type, precipitation amount, a bunch of
10 other environmental factors. And you know, across the state
11 of Oklahoma, even in the county, we have a wide variety of
12 soil types and situations. And so it's kind of hard to
13 predict. We're working with OSU to do a study to try to help
14 us improve our process, our -- maybe our requirements on what
15 systems you have to put where. Because if -- I think we're on
16 -- kind of on the far end of being conservative because we've
17 had so many issues. Most of you remember that when we were
18 first created as an agency, the first year I think we had
19 7,000 complaints, mostly on surfacing sewage, and that's
20 always the number one complaint. The numbers have come way
21 down across the state to a few thousand a year, but it's still
22 a huge issue. And so you don't want to blast somebody's
23 system that's going to fail. But we might be able to do a
24 better job of identifying soil types and sort of reducing the
25 burden a little bit.

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1 There was also a tie to streams on the 303D list and
2 having to use nitrogen fixation to put a number of streams
3 that are on the 303D list were not -- there's not a good
4 reason they're on there. When the original list was put
5 together, people thought it was going to generate a bunch of
6 extra federal dollars, so it was loaded up with as many stream
7 segments as you could find. And that's not what happened. It
8 was kind of like -- you know, it was kind of the opposite of
9 what people thought it was going to be.
10 So some of these stream segments that don't need to
11 be on there, we're looking at ways to evaluate them and
12 determine whether or not we can get them off or we can kind of
13 divorce some of those requirements from those stream segments
14 because it affects -- you know, the best system you can put
15 in, if the conditions are right, is an old-fashioned, regular,
16 everyday septic system. We have these nitrogen fixation
17 systems, and we have the aerobic systems that require more
18 maintenance by the user, and they're fine. And you have to
19 put them in some places. But it's always a challenge and
20 it's -- you know, during the height of the oil boom recently,
21 I think it was pretty hard to find anybody, in some parts of
22 the state, who was doing this work. You might have one person
23 to call, and if they knew they were the only one doing it,
24 your prices were pretty substantial. So we're going to try to
25 help out folks with that if we can get some really good

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1 information from OSU about the optimum way to regulate this.
2 So it may be a couple of years before we have the full results
3 from that study, but we hope to come back to you with that and
4 maybe some changes, too, how we operate.
5 We're working on the strategic plan. I think we've
6 talked to y'all about that in the past, that we were getting
7 started, and how it is started. Many of you may have received
8 a customer satisfaction surveys and we sent to the regulated
9 community about 6,000 of those, 6200 and something. We've got
10 11.2 percent response rate. And the general public survey was
11 sent out to about 621 folks. We received a 7.5 percent
12 response rate. And these are being compiled into a summary
13 and we're going to evaluate that. We're going to -- the
14 directors at the agency are going to get together and try to
15 assess what it means. And if we need to do some things
16 differently, how we can improve our services.
17 And Martha is heading for the hills. This is her
18 last Board meeting. Martha is going to retire at the end of
19 this month. And, see, she's just smiling really big. And
20 after the last meeting I had with the Senate this week, I'm
21 thinking you're probably making the right move. Because they
22 started asking questions about what if we dip into your
23 revolving fund for the special session. I was like, that'd
24 just be chaos.
25 I hope that's not real. But that could be really

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1 harmful because it's pretty hard to predict exactly where
2 you'll land, but this early in the year, I mean, that's
3 basically our operating funds. So there's not any real
4 cushion there.
5 And so I'd like to thank Martha for her service
6 and -- hopefully it's another big truck or whatever -- so, you
7 know, I was in Wyoming for the ECOS meeting, and I was sitting
8 up on a walkway in a chair on the second floor, and it started
9 vibrating. And I was sitting there thinking, okay. Am I
10 really sensitive to earthquakes from being in Oklahoma or is
11 this something like the mechanical air-handling system causing
12 the floor to vibrate? I think that's what it was.
13 But, anyways, I'd like to thank you, Martha, for --
14 and we're going to have a party for Martha on Thursday, right?
15 Is that right?
16 MS. MARTHA PENISTEN: September 28th.
17 MR. SCOTT THOMPSON: September 28th. What time?
18 MR. MARTHA PENISTEN: At 2:00.
19 MR. SCOTT THOMPSON: 2:00.
20 MR. TIM MUNSON: And it's not a surprise party.
21 MR. SCOTT THOMPSON: So, yeah, it's a week from
22 Thursday.
23 MR. MARTHA PENISTEN: Right.
24 MR. SCOTT THOMPSON: I may or may not be able to
25 make it because I have to be at the Arkansas --

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1 Oklahoma-Arkansas River Compact Commission meeting. And then
2 I have to run to Fort Sill, so. But I hope some of you guys
3 can make it by and wish Martha well. And we'll all be jealous
4 of you, and the fact that when I get up in the morning, you
5 don't have to listen to me and Jimmy.
6 MR. MARTHA PENISTEN: I'll come around to gloat from
7 time to time.
8 MR. SCOTT THOMPSON: Okay. Do that.
9 So with that, I'd just open it up to any questions.
10 MR. JIMMY KINDER: Scott, I have a question.
11 Whenever it's appropriate, can we see the report of the survey
12 that you --
13 MR. SCOTT THOMPSON: Yes.
14 MR. JIMMY KINDER: -- users -- you're going to
15 provide that to us whenever you get all the numbers put
16 together?
17 MR. SCOTT THOMPSON: Yeah, Janet will do that. And,
18 of course, if there's any kind of open-ended questions -- are
19 there any of those where somebody might say, I hate Joe or
20 something?
21 We'll redact those kind of things.
22 MR. JIMMY KINDER: Yes, I understand that.
23 MR. SCOTT THOMPSON: But other than that, we will --
24 MR. JIMMY KINDER: I'm looking more for a summary
25 and maybe statistical analysis.

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1 MR. SCOTT THOMPSON: Right. No, we'll do that.
2 Somewhat similar to the employee survey we've done.
3 MR. JIMMY KINDER: Thank you.
4 MR. MIKE PAQUE: Scott, I have one question. On D
5 listing 303D --
6 MR. SCOTT THOMPSON: Yeah.
7 MR. MIKE PAQUE: -- I know we're taking a look at
8 it, as you said, is that something that you're hearing other
9 states are doing and is that something that we can do as a
10 group through ECOS with more force?
11 MR. SCOTT THOMPSON: You know, interestingly, to
12 give you an example of how the EPA's functioning, Arkansas had
13 done four updates, so doing one every two years, to their
14 streams. And they were trying to add streams to 303D, as well
15 as take some streams off. And those updates sat in the queue
16 in Region 6 in Dallas for eight years with no action. Even
17 adding streams got no action. And, recently, that got locked
18 in, got broke loose, and they worked through the majority of
19 them. And there were maybe I think 30 stream segments that
20 EPA had questions about, that they held out and didn't
21 approve, but they approved all the rest of them.
22 So, yeah. So, that's -- that is really how it's
23 been with EPA in a lot of programs. That there's just --
24 there's not action.
25 So, I don't know quite -- I don't think a lot of

1 folks out there who support EPA wholeheartedly really
2 understand how many things just don't get done because of the
3 way they sort of function or don't function in different parts
4 of the agency. So, yeah, some other states add and remove
5 stuff. And for whatever reason, we've had kind of a roadblock
6 to some of that in Region 6, but I think it's busted loose.
7 And I don't know. I assume there's probably some other places
8 to be resistant to moving on that.

9 But one thing that Ken Wagner noted in looking at
10 all the regions is they all operate completely differently.
11 And the most interesting observation he had was that Region 1,
12 which is kind of the New England states, and a fairly small
13 geographic area, and states who have to work together because,
14 you know, it's 30 minutes to your other state capital, next
15 door, they were operating more like you would anticipate a
16 region would operate with their states. So they're the
17 closest to what might be a good model for how things ought to
18 work. You probably can't do everything exactly the same in
19 all regions because states have their own ways of doing
20 things, and we want some independence, but we do want some
21 consistency, and more consistency, and more functionality
22 throughout our regions.

23 So we'd be glad to discuss that with you and walk
24 through where we're at and what we're thinking. But, you
25 know, there's -- I've seen some of those maps. And you start

1 state appropriations to fill that gap.

2 Additional cuts that they're talking about now is
3 3.17, that would be 180,000 for DEQ. We did get a request
4 late of five percent. We're hoping that that will not happen,
5 but as of yet, you know, that they are -- they call -- the
6 governor called a special session for the 25th on Monday. So
7 we'll have to see, you know, what the impact on us will be
8 after that.

9 So budget comparison from '17 to '18, as I said, we
10 have about \$250,000 less in state appropriations. We have
11 about \$500,000 more in revolving fund compared to the previous
12 year. And these are just budgeted dollars. Federal funds, we
13 anticipated, at this time, a little over a million less. I
14 know now as we're going throughout the year, EPA's been coming
15 back with additional dollars. We'll just have to see how that
16 works out, when -- we'll actually start spending and when they
17 give it to us. And then OSE&E funds remain about the same at
18 8.9. So our total budget of 83 million is a little over a
19 million less than the previous year.

20 Just to give a comparison of what's been happening
21 with the general appropriations for the agency, in 2013, we
22 received 7.5 million, and this year we're down to 5.6. And
23 the state appropriation funds, those activities that we do
24 that don't have any revenue source, we do not charge a fee.
25 And those are the only activities that they're necessary

1 looking at, and there's no -- there's no information as to why
2 that stream segment's listed. There's nothing you can find.
3 There's no data. So, it's hard to deal with if you don't even
4 have a reason for it to be there.

5 MR. TIM MUNSON: Any other questions for Scott?

6 All right. Thank you. Negligent in not using this.

7 We'll move on to the next item on the agenda, which
8 is item number 6, going to have a budget update and financial
9 overview for FY 2018. I would ask Kathy Aebischer, our DEQ
10 chief financial officer, to give us that report.

11 MS. KATHY AEBISCHER: Well, good morning.

12 This is the meeting that we go in depth of more of
13 DEQ's budget and financial situation. So as we go through
14 this presentation, if you have questions feel free to ask
15 them.

16 So a summary of the 2017 legislative impact on the
17 FY '18 budget: Our state appropriations were reduced 4.87
18 percent, which equaled 291,000. Revolving fund was reduced a
19 million dollars and was given back to us as general
20 appropriations. The benefit of them doing that, rather than
21 just reducing us a million, it keeps our state appropriations
22 base up high, so for the next year they start with that and
23 then reduced. But it's something they've been doing more of
24 with those agencies that have revolving funds. They'll
25 reduce -- they'll take money from there and put it in their

1 activities, but they really rely on the state-appropriated
2 dollars.

3 So when we look at the sources of revenue for the
4 agency last year, seven percent of our total budget is state
5 appropriations, and our revolving funds, which are our program
6 fees and permit fees, is -- was about 55 percent, with federal
7 funds being 28 percent, and OSE&E federal funds is ten percent
8 of the total budget. If we compare that to this year, we're
9 relying more and more on our revolving funds, state
10 appropriations about seven percent, and revolving funds
11 56 percent. Federal funds are 26 percent.

12 If we look at all the divisions of DEQ, land makes
13 up the majority of the budget of 30 percent just because of
14 the projects they do. And then we have water quality, air,
15 and administrative services that are 17, 16, and 18 percent,
16 and the lab nine percent, and ECLS is ten percent.

17 So if we go into each division, air quality, the
18 fees that are projected for this year, the majority of their
19 budget comes from Title 5 annual operating Fees of 5.6 million
20 with non-Title 5 a little over three million, and tire fees of
21 three million make up the majority of their budget. It's
22 projected a total of \$13 million will be collected this year.
23 And of that, we projected a carryover from last year funds of
24 just under a million, with federal grants of 2.1, so a total
25 of 16 million.

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1 Air's budget is 12,089,959. ECLS supports air, and
2 about 669,000 of their budget comes from air funds. And the
3 lab, about -- a little over 200,000, they support the air
4 programs. And a little over three million is indirect costs.
5 And the air division, the sources of funds, they do not
6 receive any state appropriations. They receive, 85 percent of
7 their budget comes from fees, revolving fund, with 15 percent
8 federal funds.
9 So if we compare air's budget '17 to '18, it's
10 65,000 less than last year. They have reduced their staffing
11 by lowering the level but still providing the services which
12 has come up with some savings, reduced their travel expenses.
13 Land, these are all the revenue sources for land,
14 with the majority of their money come from solid waste of
15 6.2 million and fuel tax of 2.4. Total fees for land is
16 13,725,000. We -- projected revenue of the 13,725,000,
17 federal grants a little over 10 million. And then we have
18 some carryover and reserves and -- for a total available funds
19 of 26,000,941. Of those funds, 22 million is land's budget.
20 ECLS provides services to land a little over a million. The
21 lab, almost 600,000, they support the land programs. Criminal
22 investigative unit also supports land at about 133,000 and
23 then indirect cost of 2.2. And the makeup of the funding
24 sources for land, they also do not receive any state
25 appropriations, and they receive 50 percent of their budget

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1 from revolving funds and fees. And 43 percent of their budget
2 comes from federal funds. If we compare last year's budget to
3 this year, they have also reduced some of their salaries and
4 some operating expenses with 200 -- a little over 200,000 less
5 than last year.
6 The water division, they receive the majority of
7 their money, industrial municipal discharge of three million,
8 with public water supply of 2.4, and then storm water, permits
9 1.7. It's projected that they'll receive just under nine
10 million in fees. Their total budget is just a little bit less
11 than nine million, and the fees 6.7 million in federal grants;
12 1.3 in state appropriations. And anticipated carryover of 1.8
13 from '17 for a total funds that are available just under
14 19 million.
15 Water's budget is 2.5 of that 19 million, with ECLS
16 supporting water at 1.6. The lab supports water just under
17 two million. ASD supports programs about 3,000 and indirect
18 cost is just under three million. The water division does
19 receive state appropriations. It's 11 percent of their
20 budget, with 40 percent -- 46 percent coming from fees and
21 other sources, and federal grants of 43 percent.
22 If we compare the water's budget from last year,
23 it's about 22,000 less. They have reduced two FTEs, and
24 that's the majority of their savings, with spending a little
25 more money in professional services.

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1 Environmental complaints and local services, it's
2 projected that they'll collect \$2.2 million with 1.8 million
3 coming from private sewage. And ECLS's budget is made up of
4 the 2.2 projected revenue with federal grants just under a
5 million, reserve of 437, and then we have some carryover,
6 state appropriations of 2.6 for a total of 9.6 million.
7 ECLS's budget is 7.6 million, and ASD's projects is 2,000, and
8 indirect costs are just a little over two million. ECLS's
9 budget, 34 percent comes from state appropriations. Revolving
10 funds is 52 percent, and then 11 percent is federal funds.
11 If we compare ECLS from last year, it's three -- a
12 little over \$300,000 difference. They have lost an additional
13 position this year due to the cuts. And that's where you'll
14 see the differences.
15 The lab, we're projecting a total of 2.3 million in
16 revenue for the lab for this year, with 1.3 coming from public
17 water supply analysis, 2.3 coming from revolving funds, a
18 little over a million in federal grants, state appropriations
19 of 1.6 million. We have some reserve and some carryover that
20 help support this division. A total funds of 8.3 million.
21 Their budget is 6.8 with indirect 1.4. The lab receives
22 25 percent of their budget from state appropriations,
23 56 percent of their budget from revolving funds, and
24 19 percent from federal funds. If we compare the lab's budget
25 from '17, it's also \$396,000 less. They also lost an

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1 additional position, and reduced some travel, and other items
2 in their budget.
3 Administrative services and IT, total funds from
4 indirect cost of 11.7 million. We received 20,000 for doing
5 the accounting for OSE&E, and some rent, projects with other
6 divisions, and license tag grants, we get 10,000 penalty fees,
7 about 584, and reserves of 754, with total funds of 13
8 million, and the budget is 13.4.
9 Administrative services doesn't receive any state
10 appropriations. Seventy-seven percent of administrative
11 services budget is from revolving funds with 23 percent from
12 federal funds. The -- if we compare the budget, it is \$7,000
13 more in comparison to last year. With administrative
14 services, our building operations people have done a lot of
15 work on trying to reduce energy, so that's where you're seeing
16 a lot of our savings. The state, a few years ago, went into
17 the 20 -- Energy Savings 2020, and that was to save 20 percent
18 by 2020. And DEQ has been the leader each time. So we
19 changed our goal to 30 percent, we met that, and we're about
20 40 percent when compared to 2012. So they have done a lot of
21 things within our building to really decrease our operation
22 cost. So that's where you're seeing a lot of savings on the
23 administrative side.
24 MR. SCOTT THOMPSON: Kathy, I'd like to insert
25 something here. Part of those savings are because we changed

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1 our lighting to LED lighting and there's a fast payback on
 2 that. Especially because our maintenance guys figured out how
 3 to rewire all these old-fashioned deals for the new LED bulbs
 4 and did it themselves. So, essentially, we got LED lighting
 5 all over the whole building, and that's a huge part of our
 6 energy savings each month throughout the year. So -- and it's
 7 a tremendous amount of money that we've saved. So I'd just
 8 like to applaud our folks for that.

9 MS. KATHY AEBISCHER: So with all the pressure on the
 10 budget the last couple of years, the Agency's been kind of
 11 forced to look at things in a new way. So we've taken a new
 12 initiative called the Program Prioritization Initiative. And
 13 this is just reviewing every program that we do. The costs
 14 that are associated with it. We make them more efficient, but
 15 also come up with an evaluation tool to rank them with the
 16 highest priority on down, just to assist the directors and
 17 leaders of the Agency to make better decisions. So we just
 18 started this initiative. And we're going to gather data.
 19 Like I said, looking at every program and the impact they have
 20 on the state.

21 And the process, we've designed a structured process
 22 in able for us to get the best data. We're involving everyone
 23 in the organization. We have two groups. We have a work
 24 group that's made up of the level 3 managers that are going to
 25 gather the information from their staff and recommendations,

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1 and pull them together, and we'll be submitting that to the
 2 executive committee for decision. But it's an Agency effort.
 3 It's going to be a lot of work. But it's going to give us a
 4 lot of information that we'll be able to use to make the best
 5 decision we can for the state.

6 The process, we've pulled together an initial list
 7 of all the Agency programs, which there's a lot. We're
 8 working on establishing the Agency priorities, what are the
 9 priorities. And we're going to establish evaluation criteria,
 10 and then we're going to take that evaluation criteria and our
 11 agency priorities and we're going to score them and come up
 12 with a ranking system. We're just now working on the Agency
 13 priorities. Hope to have those completed within a few months.
 14 Evaluation criteria hopefully be done by the end of the year,
 15 and then evaluating the programs are probably going to take
 16 several months. So it's going to be a collaborative effort
 17 with everyone in our agency. But when we have the results
 18 from this process, we'll be updating you at the Board meetings
 19 of where we are and the things that we've pulled together.

20 Any questions?

21 MR. TIM MUNSON: Any questions for Kathy?
 22 Thank you very much. That was very well done.
 23 It looks like our next item on the agenda will be
 24 item 37, DEQ operational budge requests for FY 2019. The DEQ
 25 budget and request to the governor to the Office of

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1 Enterprises and Management Services requires approval of the
 2 Bord, and the operational budget request for state fiscal year
 3 2019 beginning July 1, 2018 have to be submitted to OMES by
 4 October 1st of this year. And I would ask Kathy to make a
 5 presentation on that for our consideration.

6 MS. KATHY AEBISCHER: Yes. We have a lot of needs
 7 in the Agency. We know that our budget request probably won't
 8 be approved, but we are responsible to outline the needs of
 9 the Agency. And so we are going to submit a budget request
 10 for additional dollars. This budget request -- we're --
 11 you'll see that FY '18 appropriations column of 5.6 is our
 12 current allocation, and we are asking additional dollars,
 13 ongoing basis of 476,000 and a one-time request of 150,000.
 14 Our total request is additional 626,000 for a total
 15 appropriated dollars for '19, 6,322,635.

16 The lab is requesting almost 275,000, and that is
 17 for three FTEs, they, and ECLS, have cut their staffing to the
 18 point that it's -- workload is really difficult. So they're
 19 needing to request three FTEs just to keep up with the current
 20 workload and the future workload that's coming down. ECLS has
 21 lost five positions, and they're requesting three of those
 22 five back because they are also -- have a heavy workload.
 23 They have done some things operationally to reduce inspections
 24 where they can. And they've tried to reduce the workload in
 25 those areas that won't affect the state as adversely in some

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1 other areas. So they have a model that they put their work
 2 into, and it's three FTEs would help them keep up with the
 3 workload that they have today.

4 Air is asking for a one-time allocation of 150,000.
 5 They have an admissions inventory system, Redbud, that's
 6 outdated. It's over ten years old, and it needs to be
 7 updated. This is the system that they communicate data to
 8 EPA. And they're estimating it'll be 150,000 to obtain the
 9 new software.

10 MR. SCOTT THOMPSON: Kathy, one thing I'd like to
 11 add to this, is that while the numbers won't change, I want to
 12 highlight the cost of doing business with OMES for IT services
 13 in our budget request. So we're going to put that in as a
 14 line item here somehow and highlight that and show the
 15 difference in the increase of cost from last year to this
 16 year, and the total cost after that. Because I think each
 17 year it creeps up. Some of our discussions with them this
 18 year, as we tried to negotiate our agreement, were that we can
 19 save 300,000 if we bought computers and kept them for five
 20 years, as opposed to leasing computers. And they were pushing
 21 everybody to go through a lease, which they just recently
 22 created. And so we went back and forth, and they agreed to
 23 give us the exemption to lease, to allow us to buy computers.
 24 And then I signed the agreement with that in it, sent it over,
 25 and they kicked it back and they said we had to have a form

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1 filled out. A form didn't exist. So there's no such form.
2 So we pushed and we refused to budge on it until
3 they finally said that they would bless that and they gave us
4 an 18-month exemption. But then they told us we couldn't make
5 the purchases ourselves. Now, there's another statute that
6 went through that said agencies can't make purchases without
7 going through OMES at -- how much -- 50,000 or 25,000 or
8 something.
9 MS. KATHY AEBISCHER: Something like that.
10 MR. SCOTT THOMPSON: So they took that offline, and
11 they also took the state contract prices offline. And we
12 thought some of their state-contract computers that we're
13 having to purchase were more than we actually needed. I'm
14 sure they'll argue that we had to have this for security
15 reasons. Well, the hardware's, the hardware. If you can put
16 the software on, that's where the security's at. So the -- so
17 if they add a charge to purchasing the computers for us, and
18 if those charges come in for the purchase is much higher than
19 what the state contract was, or what we could go to Sam's and
20 buy the damn thing for, then we're going to highlight that.
21 And we're going to share that with everybody. And,
22 you know, I'm hoping some other agencies do this as well and
23 should put this as a line item on their budget request every
24 year and it'll start hitting home how much these people cost
25 us in that, you know, the inane things, like Secretary

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1 Teague's office couldn't get a computer workstation set up for
2 weeks and weeks. I mean, he had to talk to President
3 Doerflinger to get it done. That's the kind of service we're
4 getting, and the cost is escalating and escalating. And they
5 will not disclose to us what their charges are based on, and
6 the contract, for supporting all these programs. They put
7 that they're supporting all these programs, but it appears to
8 equate to how much their staff costs that are assigned to work
9 with them. So basically we're paying the entire salary of the
10 staff, but when we say we need some more programming done, any
11 kind of extra work done, then they want to charge us 90 bucks
12 an hour or more for that work. So as part of our budget, we
13 set up a hundred thousand dollars estimate based on
14 discussions with them for excess -- for trying to do some
15 program development work, software work for us, and the first
16 project out of the gate that we told them we needed to work
17 on, they wanted to charge us an extra 90,000 bucks just for
18 that one project. So while we're being squeezed by the
19 legislature, OMES is gouging us. So, I mean, that's just how
20 it is. And I just want to highlight that and make everybody
21 understand that we're going to push back, and we'll see how it
22 goes.
23 MS. KATHY AEBISCHER: This is the first year that
24 we've signed the agreement with OMES, so we still don't know
25 how much it's going to cost us. The way it works is you'll

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1 get surprise invoices you don't realize you were going to be
2 charged, those type of things. But after the first year, we
3 will really know what the actual cost is and how much it's
4 been compared to last year.
5 With computers, they say we can't purchase
6 ourselves, but we can request OMES to purchase them. So our
7 first request for 30 computers was done in May, and we just
8 got a purchase order. So they haven't even -- we haven't even
9 received those. So, it is a very long process that we'll see
10 how that piece works out, if we ever get what we ordered.
11 MR. SCOTT THOMPSON: Well, and we negotiated the
12 agreement, we signed it, I believe, and then they came back
13 and they wanted to increase the cost by \$30,000 a month.
14 Again, with no explanation as to why.
15 So, you know, I may suggest that somebody write a
16 statute that they have to disclose a basis for all their costs
17 for everything, but we'll see.
18 Yes, sir.
19 MR. RON BOYER: If I could make a comment. You're
20 not the only agency this is happening to. I'm also on the
21 Board of Health, and it's happening over there, too. They're
22 coming in as invoices after the date of service, which is
23 making it almost impossible for them to even get
24 appropriations because legally you can't do that. You can't
25 issue a PO after the point of service. You're supposed to

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1 issue it prior to the point of service, so --
2 MR. RON BOYER: So my guess is they're getting
3 squeezed at the top, and they're going to make up their
4 deficiencies off the top of you guys.
5 MR. SCOTT THOMPSON: Yeah, they're not getting it
6 done well. And there's not really any savings that we've seen
7 at all.
8 MR. RON BOYER: And there's no full disclosure at
9 all.
10 MR. SCOTT THOMPSON: Right.
11 MR. RON BOYER: You can't get any line item -- my
12 background, I am an IT engineer. There is no way in Sam Hill
13 they're charging you guys the correct amount of money.
14 MR. SCOTT THOMPSON: Thank you.
15 MR. TIM MUNSON: Any other questions or discussions
16 from the Board?
17 Any questions or comments from the public?
18 We'd entertain a motion that we approve the DEQ
19 operational budget request as proposed.
20 MR. HOMER NICHOLSON: Proof of approval.
21 MR. SHANNON FARRELL: Second.
22 MR. TIM MUNSON: Can we have a roll call?
23 MS. QUIANA FIELDS: Mr. Shannon Ferrell?
24 MR. SHANNON FERRELL: Yes.
25 MS. QUIANA FIELDS: Dr. Tracy Hammon?

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1 DR. TRACY HAMMON: Yes.
 2 MS. QUIANA FIELDS: Mr. Kinder?
 3 MR. JAMES KINDER: Yes.
 4 MS. QUIANA FIELDS: Ms. Kunze?
 5 MS. JAN KUNZE: Yes.
 6 MS. QUIANA FIELDS: Mr. Nicholson?
 7 MR. HOMER NICHOLSON: Yes.
 8 MS. QUIANA FIELDS: Mr. Paque?
 9 MR. MIKE PAQUE: Yes.
 10 MR. FIELDS: Mr. Munson?
 11 MR. TIM MUNSON: Yes.
 12 MS. QUIANA FIELDS: Motion passed.
 13 MR. TIM MUNSON: Thank you.
 14 We'll move to agenda item number 8, Employees
 15 Disclosures. The Environmental Quality Code requires certain
 16 DEQ employees involved in reviewing, issuing, or enforcing
 17 permits to disclose financial interests they hold in entities
 18 regulated by the DEQ. The DEQ is required to submit these
 19 disclosures to the Board and make them a part of a minute.
 20 I would ask Martha to report.
 21 MS. MARTHA PENISTEN: This year one employee
 22 submitted a new disclosure, and that is Kelly Dixon of Land
 23 Protection Division. She's a stockholder in General Electric.
 24 And since Kelly is the division director for Land Protection,
 25 I've notified her directly that she should recuse herself from

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1 any permitting or enforced activities related to
 2 General Electric.
 3 MR. TIM MUNSON: All right. Thank you very much.
 4 Agenda item number 9 is the calendar year 2018
 5 Board meeting. We have a proposed set of dates and locations
 6 that are part of the packet. I'd like your consideration of
 7 Friday, February 16, in Oklahoma City; June the 12th in
 8 Oklahoma City; Tuesday, September 11th in Weatherford; and
 9 Friday, November 9th in Guthrie.
 10 Anybody have any comments or discussion on those
 11 locations and dates?
 12 MS. JAN KUNZE: I might ask, do any of the
 13 communities ever express concern that we're rotating to their
 14 area? I know the purpose of the rotation is to allow the
 15 public to attend. But it looks like we're jumping around and
 16 trying to hit all areas of the state. But I wondered if any
 17 community ever brought that up.
 18 MR. SCOTT THOMPSON: I haven't had any comment in
 19 years on that kind of stuff.
 20 MS. MARTHA PENISTEN: They don't necessarily know it
 21 until, you know, Quiana contacts them right before the
 22 meeting -- or not right before, but several months before to,
 23 you know, select a venue and that kind of thing.
 24 MR. SCOTT THOMPSON: But there's nobody clamoring
 25 for it, and, you know, we don't have much attendance for the

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1 forum part anymore.
 2 MS. JAN KUNZE: And I guess the reason why I asked
 3 that, my very first meeting was in Tulsa several years ago,
 4 and it was a packed house. So that's why I was asking.
 5 DR. TRACY HAMMON: Just visually, we look a little
 6 more clustered for next year in that same sort of central area
 7 of the state. I don't have a recommendation for a different
 8 location, but we don't seem as widespread as we typically do.
 9 MS. JAN KUNZE: That was my thought, too.
 10 MR. JIMMY KINDER: Well, the only concern that I
 11 have with the budgetary concerns with travel, I see it as more
 12 central located. As we all travel from one end of the state
 13 to the other, it can be an expense to the Department as we
 14 move around.
 15 MR. TIM MUNSON: Any other comments or discussion
 16 about the proposed meeting dates for the next year?
 17 Motion for approval.
 18 MS. JAN KUNZE: I make a motion that we approve the
 19 proposed dates and locations.
 20 MR. JIMMY KINDER: I'll second it.
 21 MR. SCOTT THOMPSON: Quiana, roll call, please.
 22 MS. QUIANA FIELDS: Mr. Shannon Ferrell.
 23 MR. SHANNON FERRELL: Yes.
 24 MS. QUIANA FIELDS: Dr. Tracy Hammon?
 25 DR. TRACY HAMMON: Yes.

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1 MS. QUIANA FIELDS: Mr. Kinder?
 2 MR. JAMES KINDER: Yes.
 3 MS. QUIANA FIELDS: Ms. Kunze?
 4 MS. JAN KUNZE: Yes.
 5 MS. QUIANA FIELDS: Mr. Nicholson?
 6 MR. HOMER NICHOLSON: Yes.
 7 MS. QUIANA FIELDS: Mr. Paque?
 8 MR. MIKE PAQUE: Yes.
 9 MS. QUIANA FIELDS: Mr. Munson?
 10 MR. TIM MUNSON: Yes.
 11 MS. QUIANA FIELDS: Motion passed.
 12 MR. TIM MUNSON: There will be -- I think I probably
 13 should have made this announcement earlier. For some reason I
 14 had it written down here, but there is an opportunity for
 15 public forum at the end of -- after our meeting is adjourned.
 16 So if you so choose to participate in that, if you would sign
 17 in at the back and we will recognize you at that point.
 18 Do we have any new business that the Board needs to
 19 consider?
 20 MR. MIKE PAQUE: Mr. Chairman, can I just use this
 21 opportunity to ask you a question? And I made my -- when I
 22 abstained on the minutes it's because I wasn't a Board member
 23 at the time. I assume that an affirmative vote of the Board
 24 was a majority of those present, if you have quorum, and we
 25 do. Was I correct in that? If not, I'm going to back my

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1 vote.
2 MR. TIM MUNSON: You're correct.
3 Okay. Thank you.
4 MR. CLAYTON EUBANKS: I just have one thing.
5 There's a Senate Bill 403 that makes changes to the Oklahoma
6 Open Meetings Act that goes into effect November the 1st.
7 It's -- like I said, Senate Bill 403. We'll circulate -- we
8 probably should circulate changes, or that bill, so you
9 guys -- I don't think it makes too many substantive changes
10 other than what's required in posting and whatnot. Just to be
11 aware of that. That's all.
12 MR. TIM MUNSON: Thank you. Any other new business?
13 All right. Our next meeting will be November 7th in
14 Tahlequah.
15 And I would entertain a motion to adjourn if there
16 is no other business to discuss.
17 MR. JIMMY KINDER: So moved.
18 MR. HOMER NICHOLSON: Second.
19 MR. TIM MUNSON: Motion and second.
20 Roll call, please.
21 MS. QUIANA FIELDS: Mr. Ferrell?
22 MR. SHANNON FERRELL: Yes.
23 MS. QUIANA FIELDS: Dr. Tracy Hammon?
24 DR. TRACY HAMMON: Yes.
25 MS. QUIANA FIELDS: Mr. Kinder?

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1 MR. JAMES KINDER: Yes.
2 MS. QUIANA FIELDS: Ms. Kunze?
3 MS. JAN KUNZE: Yes.
4 MS. QUIANA FIELDS: Mr. Nicholson?
5 MR. HOMER NICHOLSON: Yes.
6 MS. QUIANA FIELDS: Mr. Paque?
7 MR. MIKE PAQUE: Yes.
8 MS. QUIANA FIELDS: Mr. Munson?
9 MR. TIM MUNSON: Yes.
10 MS. QUIANA FIELDS: Motion passed.
11 MR. TIM MUNSON: Thank you.
12 Do we have anybody that signed up?
13 Okay. All right. Thank you. At this point, we'll
14 adjourn the meeting.
15 ADJOURNMENT - 10:45 A.M.
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1 CERTIFICATE
2
3 THE STATE OF OKLAHOMA,)
4) ss
5 COUNTY OF BRYAN.)
6
7 I, Shannon Duncan, Certified Shorthand Reporter in
8 and for the State of Oklahoma, do hereby certify that I
9 reported all of the foregoing meeting, and that I later
10 reduced it to typewritten form, as the same appears herein.
11 I further certify that the above and foregoing
12 typewritten pages contain a full, true, and correct transcript
13 of my stenographic notes so taken, during said meeting.
14 I further certify that I am not a relative of
15 nor an attorney for any of the parties in this matter, nor do
16 I have an interest in the event of same.
17 WITNESS MY OFFICIAL HAND this 27th day of
18 September, 2017.
19
20
21
22 _____
23 SHANNON DUNCAN, CSR
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CERTIFICATE

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THE STATE OF OKLAHOMA,)
) ss
COUNTY OF BRYAN.)

I, Shannon Duncan, Certified Shorthand Reporter in and for the State of Oklahoma, do hereby certify that I reported all of the foregoing meeting, and that I later reduced it to typewritten form, as the same appears herein.

I further certify that the above and foregoing typewritten pages contain a full, true, and correct transcript of my stenographic notes so taken, during said meeting,

I further certify that I am not a relative of nor an attorney for any of the parties in this matter, nor do I have an interest in the event of same.

WITNESS MY OFFICIAL HAND this 27th day of September, 2017.

Shannon Duncan
Shannon Duncan, CSR



Shannon Duncan
State of Oklahoma
Certified Shorthand Reporter
CSR #1984

My Certificate Expires 12/31/2017



ENVIRONMENTAL QUALITY
BOARD

Attendance Record

September 19, 2017

Durant, Oklahoma

NAME and/or AFFILIATION

Address and/or Phone and/or E-Mail

<u>NAME</u> and/or <u>AFFILIATION</u>	<u>Address</u> and/or <u>Phone</u> and/or <u>E-Mail</u>
Quiana Fields	DEQ
Paul Parks	DEQ
Cindy Pieturat	DEQ
Lloyd Kill	DEQ
Kathy Aebischer	DEQ
Ruby McDaniel	DEQ
Martha Hendon	DEQ
Jimmy Givens	DEQ
Kelly Dixon	DEQ
Jimmy W. Kuhn	DEQ
Mike Paque	EQB
Tim Munson	DEQ
Erin Hatfield	DEQ
Shellee Chard	DEQ
Carly Cordell	SOEE
Katie Lippoldt	SOEE
Jeff Brents	DEQ
Skylar McElhannon	DEQ
Tracy Hammon	EQB
Clayton Eubanks	OAG
SHANNON L. FERRELL	EQB
Rad Boyer	COMMISSIONER #1
Jan L. Kuhze	EQ
CHRIS ARMSTRONG	DEQ
Michelle Wynn	DEQ
Scott Thompson	DEQ