

DEQ'S 2023-25 WATER QUALITY PROGRAM BUDGET, POLICY OPTION PACKAGES: LOCAL GOVERNMENT WATER QUALITY SECTOR RECOMMENDATIONS

March 2023

The Oregon Association of Clean Water Agencies (ACWA), League of Oregon Cities (LOC), and Special Districts Association of Oregon (SDAO) work closely with the Department of Environmental Quality (DEQ) Water Quality Division leadership regarding implementation of the water quality programs that protect Oregon's waters. Collectively, our members provide public water, wastewater, and stormwater management services statewide; we are DEQ's local government partners in protecting the environment. It is very important to our members that DEQ programs are efficient, effective, transparent and accountable. Through permit fees, local governments and other water quality permittees fund 60% of water quality permitting programs. The combination of fees, general fund, and other funding resources needs to provide sufficient funding for DEQ's programs to maintain adequate staffing and expertise to enable timely issuance of well-crafted water quality permits. These permits must be based in sound, science-based, and stakeholder-reviewed policies, and must produce compliance strategies that are feasible and affordable for communities and the environmental results we all seek.

Timely permits that are well-coordinated within DEQ and with the permittees, and that enable implementable, affordable compliance strategies, are critical to Oregon's communities' economic and environmental vitality. Insufficient investment of state general funds in these programs over the past several decades has led to permit back logs and court-ordered schedules for completion of water quality management plans and permits. To meet the mandates in a manner that creates implementable, defensible, and environmentally protective permits, DEQ must have additional resources to perform the necessary work. In 2019, our local government sector worked with DEQ and the legislature to fund an aligned set of high priorities for new Water Quality Program expenditures and expectations and agreements for performance improvements. New resources enabled DEQ to improve cross-program coordination and effectiveness, permit issuance processes, and coordination with permittees and other stakeholders. But, the work is not done, and DEQ is still underfunded in some key water quality program areas.

We urge the legislature to provide funding in the 2023-25 DEQ Water Quality Program Budget to meet the following objectives: 1) maintain existing resource and staff levels in DEQ's core water quality programs and avoid elimination of staff due to budget shortfalls/cuts; and 2) increase funding in high-priority areas to enable DEQ to build on its progress in improving water quality permitting and other program areas. In order to meet these two objectives, we request the following:

1. The Governor's Request Budget reductions to DEQ's water quality programs should not be made,
2. The long-standing 60% fee/40% general fund split for water quality permitting should be maintained, and
3. Several of the positions and funding requests that were forwarded by DEQ in Policy Option Packages (POPs) should be funded.

While we do not support funding DEQ's POPs in their entirety, the recommendations shown in the table below represent agreed upon prioritized requests to support existing or expanded agency capacity in certain areas. We anticipate that these prioritized funding requests would require approximately \$2,625,000 in increased general fund support and about \$820,000 in increased permit fee funded support (resulting in about a 9% increase in permit fees in 2023 in addition to the annual 3% fee

increase). The table below provides justifications for the prioritized request and includes comments and references to the anticipated “Drought Relief and Water Security Package” currently under review in the House Agriculture, Land Use, Natural Resources, and Water Committee.

2023-25 DEQ Water Quality Program Budget: Detailed Recommendations

POP # and Description	Position #	ACWA Recommended Funding Priority	Comments	Fund source
DEQ Base Budget— Restore GRB Cuts	N/A	High	If adopted, the GRB would make substantial cuts to the DEQ WQ Program Budget, and would result in result in elimination of about 10 FTE in critical program areas such as TMDLs, permitting, and program management. Cutting existing staff would impact DEQ’s ability to issue timely permits, meet court mandated TMDL and NPDES permit schedules. The Department has made a substantial investment in recruiting and training these staff members, and that investment would be lost.	General, federal, and fee funded support
HB 3231— Reuse Bill	Not yet identified	High	HB 3231 will provide funding and direction to DEQ and other state agencies work with wastewater utilities to identify regulatory impediments that are unnecessarily deterring development of water reuse and other beneficial land application projects. It will require development of recommended regulatory changes and technical outreach tools/resources, and will provide accountability to the legislature. The funding allocation requested is \$340,000 for DEQ and \$100,000 for WRD.	General Fund
POP 124— Watershed Restoration (TMDLs) to meet federal CWA mandates	1435	1	Position 1435 is an existing, filled position in the TMDL program that will be eliminated due to a shortfall in anticipated federal funding. DEQ’s POP 124 included general funding for 5 positions, none of which are included in the GRB. ACWA recommends replacing federal dollars with general fund support to retain this position. <i>The proposed Drought Package (component #6) includes all 5 positions in POP 124. While ACWA does not oppose this, priority should be given to position 1435 and the positions in other POPs with priorities 2-14 (described below) before funding the remainder of POP 124.</i>	General Fund
POP 123— Onsite septic program permit issuance and	5055 5053 5057	2 3 12	These positions are needed to support regional response to the need for septic system replacements and regulatory oversight/permitting. Position 5055 is currently a limited duration position that will be	General and fee funded support

regional oversight			<p>eliminated without this funding, and existing service levels would worsen. On the heels of the 2020 wildfires, this program has been severely understaffed to meet the need to issue permits and conduct inspections. This is holding up the rebuilding process. These positions are the 3 highest priority positions of 6 that were requested in the DEQ ARB, none of which are included in the GRB.</p> <p><i>The proposed Drought Package does not include any of DEQ's POP 123, and it should. Maintaining adequate onsite septic system oversight is vital to protection of water quality, particularly in drinking water source protection areas. Failure to fund these positions will adversely impact people whose homes have been destroyed by the wildfires. At least 2 of the POP 123 positions (those ranked 2 and 3) should be included in the Drought Package, perhaps in Component D2.</i></p>	
POP 121— Water Quality Permitting	5038 5044 5049 5041 5039	4 5 6 7 8	<p>These positions are all needed to continue DEQ's Water Quality permitting performance improvement efforts. In 2019, an initial investment in new Water Quality Permitting resources was made to reduce the backlog and improve the quality of the Wastewater NPDES permits. These 5 priority positions included in POP 121 would provide resources needed to renew the WPCF permits and would increase resourcing to the biosolids and reuse programs, which is greatly needed and supported by ACWA. The GRB does not include any positions in POP 121.</p> <p><i>The proposed Drought Package (Component D5) includes DEQ's POP 121 in its entirety, which includes 12 positions. ACWA does not support inclusion of all 12 positions, but does support the 5 positions prioritized here. The fee impact to permittees of adding 12 positions in two years would be too high for local governments and it is too many positions for DEQ to hire, on-board, and effectively train over the course of the biennium.</i></p>	General and fee funded support
POP 125— Integrated Water Resources Planning	5063 5064 5065	13 9 14	<p>These positions are vital to DEQ's participation in a well-coordinated interagency water resources planning effort. Position 5064 is needed for DEQ to engage in statewide coordination efforts, and position 5063 is needed for DEQ to participate in regional place based planning efforts. Position 5065 is needed for both intra and interagency coordination to better facilitate natural and green infrastructure</p>	General fund

			<p>projects that address water quality, water quantity, and climate resiliency. The GRB does not include any of the positions in POP 125.</p> <p><i>The proposed Drought Package (Component A2) includes a DEQ POP 107 position to support statewide IWRS implementation and coordination. DEQ does not have a POP 107 and this should be replaced with POP 125, position 5064, described above. ACWA recommends that position 5065 be added to this package component. ACWA does not support changing updates to the IWRS from 5 to 10 years, as it does not recognize the urgency with which the strategies need to be implemented and evaluated (with stakeholder input) for changes and additions needed to make the IWRS more effective at producing results. ACWA supports inclusion of DEQ POP 125 position 5063 in Component A4—Place Based Planning—as shown in the Drought Package. DEQ POP 125 position 5065 should be added to Component A6—Resolution of Complex Water Management Issues and Climate Change/Drought Adaptation.</i></p>	
POP 170—Lab Infrastructure	N/A;	10	<p>DEQ’s POP 170 includes capital/equipment funding to replace deteriorating lab analytical equipment, and 2 new laboratory staff. ACWA supports the capital/equipment replacement funding. This funding is needed in the 23-25 biennium to maintain and replace aging lab equipment. POP 170 was not included in the GRB.</p> <p><i>The ability of the DEQ lab to assess water quality data is a critical underlying function of DEQ to support all elements of the proposed Drought Package. At a minimum, the capital funding request should be referenced in Component D5 and D6.</i></p>	\$750,000 General fund
POP 164— Position Reclassification	5101- Reclass existing position	11	<p>POP 164 supports retention of the Deputy Administrator for the Water Quality Division, which necessitates allocation of an additional \$43,000 in General Funds.</p> <p><i>ACWA supports this position, which is needed to manage the depth and breadth of responsibilities managed in the Water Quality Division. It is not included in the GRB. The level of increased DEQ participation in implementation of integrated water resources management and climate/drought resilience work contemplated in the proposed Drought Package will add to the executive managers’</i></p>	\$43,000 General Fund

			<i>workload and the Deputy Director position will be vital to support this.</i>	
POP 126— Drinking Water Source Protection	5066 5067 5068 & modeling support	N/A-- In GRB	POP 126 includes 3 positions and modeling support for groundwater studies related to the Lower Umatilla Groundwater Management Area and related to toxic contamination from Harmful Algal Blooms (HABS). This POP is included in the GRB. <i>The proposed Drought Package includes POP 126 as Component D7. ACWA supports inclusion of this POP.</i>	General Fund
POP 129— Infrastructure Grants Admin.	5071 5072	N/A—In GRB	POP 129 would provide staffing for DEQ WQ programs to develop and administer new and expanded federal funding sources for water infrastructure projects. <i>The proposed Drought Package does not include POP 129. These positions will be critical for DEQ to capture federal funding that can be made available to support investments in clean water infrastructure, including natural infrastructure investments. ACWA recommends adding this POP to the Package.</i>	General Fund

Susan L. Smith
Executive Director
ORACWA

Mark Landauer
Lobbyist
SDAO

Michael Martin
Lobbyist
LOC