



March 30, 2023

Senator Dembrow, Co-Chair  
Representative Pham, Co-Chair  
Committee Members  
Joint Ways and Means Subcommittee on Natural Resources

**Subject: Testimony in Opposition to the DEQ Water Quality Program Elements of HB 5018—the Governor’s Requested Budget and Policy Option Packages to Fund DEQ’s for the 2023-25 Biennium as Proposed; Recommended Amendments**

Co-Chair Dembrow, Co-Chair Pham, and Members of the Committee:

We are submitting this testimony on HB5018—DEQ’s budget bill--on behalf of the Oregon Association of Clean Water Agencies (ACWA), the League of Oregon Cities (LOC), and the Special Districts Association of Oregon (SDAO). Together, our organizations represent all of Oregon’s publicly owned wastewater treatment and stormwater management utilities that provide water quality services across the state. Our statewide associations and member agencies are DEQ’s local government partners in protecting Oregon’s water quality. We have worked closely with DEQ over the last several years to achieve DEQ Water Quality Program performance improvements, funding equity, and the resources needed for the Department to meet its federal mandates.

We submit this testimony in opposition to the portions of HB 5018 related to Governor’s proposed 2023-25 DEQ Water Quality Programs budget, except for Packages 126 and 129, which we support. We urge the legislature to reject the Governor’s proposed DEQ budget and provide sufficient general funding to do two things: 1) maintain existing resource and staff levels in DEQ’s core water quality programs and avoid eliminating existing staff that would be caused by the Governor’s proposals; and 2) increase funding in high-priority areas to enable DEQ to maintain its lab equipment and build on its progress in reducing permit backlogs, completing mandated water quality management plans, and enabling essential participation in integrated state water resources planning efforts. To meet these objectives, we urge this committee to take the following actions.

1. Reject the Governor’s Request reductions to DEQ’s water quality programs as they would further erode DEQ’s ability to meet water quality protection mandates, and The Governor’s budget makes cuts by eliminating apparent vacancies. In DEQ’s case, by the time the GRB was completed, critical vacant positions had been filled and new employees are on board. Other positions that were held vacant temporarily to meet revenue shortfalls are also critical and need to be retained. Alternatively, if cuts must be made, they should be based on the cuts DEQ submitted in its Agency Request Budget.
2. Fund the highest priority requests included in DEQ in the DEQ Policy Option Packages (POPs), which are summarized in a table that has been submitted to the written record for your review;

- Maintain the long-standing cost sharing split of 60% fees/40% general funds for water quality permitting to maintain equity and affordability for utility rate payers.

Clean water is vital to Oregon’s future, and the quality of most of Oregon’s waters is impaired. Reversing impairments and maintaining the water quality we have comes at a cost to all of us. Local governments are paying our share of fees, and face ever increasing costs associated with aging infrastructure and increasing water quality challenges. All of these costs are passed on to Oregonians through customer bills, which are becoming increasingly unaffordable for many. The State, through DEQ, cannot do its part to meet its delegated federal obligations and to support our communities and industries with timely permits if the Department’s Water Quality Programs continue to be underfunded. Enacting the Governor’s requested budget for DEQ’s Water Quality Program would cause the Department to lose traction on gains that have been made as a result of litigation and court orders.

A summary of our proposals for DEQ’s Water Quality Program budget is provided in the table below. See supplemental testimony for detail and references to the Drought Relief Package.

**2023-25 DEQ Water Quality Program Budget: High Priority Recommendations Summary**

<b>POP # and Description</b>	<b>Comments</b>	<b>General Fund*</b>	<b>Fees</b>
DEQ Base Budget— Restore GRB Cuts	The GRB cuts to WQ Programs would result in elimination of about 10 FTE in critical program areas.	General, federal, and fee funded	
HB 3231—Reuse Bill	HB 3231 will provide funding and direction to identify regulatory impediments to development of water reuse projects.	\$340,000	
POP 124—Watershed Restoration (TMDLs) (1 of 5 positions)	Maintains an existing position in the TMDL program that would be eliminated due to a federal funding shortfall.	\$265,847	
POP 123—Onsite septic program permit issuance and regional oversight (3 of 6 positions)	Three positions needed for regional response to septic system replacements and regulatory oversight/permitting driven by 2020 wildfires.	\$971,536	\$817,664
POP 121—Water Quality Permitting (5 of 12 positions proposed)	Five positions needed to continue DEQ’s Water Quality permitting performance improvement efforts—focused on WPCF permits, biosolids, and existing reuse program.		
POP 125—Integrated Water Resources Planning (3 of 3 positions proposed)	Three positions needed for DEQ’s participation in a well-coordinated interagency water resources planning effort, and ability to support permitting strategies that support water and climate resilience.	\$515,000	
POP 170—Lab Infrastructure	DEQ’s POP 170 includes capital/equipment funding to replace deteriorating lab analytical equipment.	\$750,000	
POP 164—Position Reclassification	POP 164 enables retention of the Deputy Administrator position established through reclassification.	\$43,000	
POP 126—Drinking Water Source Protection	Three positions and modeling support for groundwater studies-- Lower Umatilla	In GRB	

	Groundwater Management Area and Harmful Algal Blooms (HABS).		
POP 129—Infrastructure Grants Admin.	Two positions for DEQ WQ programs to develop and administer new and expanded federal funding sources for water infrastructure projects.	In GRB	

\*Note: Budget estimates are preliminary estimates based on published information.

We appreciate your consideration of our alternative proposals for funding DEQ’s Water Quality budget at a level that addresses the highest priority needs. Our proposals are detailed in a supplemental document that has also been submitted to the record of the public hearing. We thank you for your consideration.

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Association of Clean Water Agencies

Mark Landauer  
Special Districts Association of Oregon

Michael Martin  
League of Oregon Cities