

MINUTES
ENVIRONMENTAL QUALITY BOARD
August 22, 2006
Kruse Auditorium
2510 Sam Noble Parkway
Ardmore, Oklahoma

Approved by EQB
November 14, 2006

Notice of Public Meeting The Environmental Quality Board convened for a regular meeting at 9:30 a.m. August 22, 2006 at the Kruse Auditorium in Ardmore, Oklahoma. This meeting was held in accordance with 25 O.S. Sections 301-314, with notice of the meeting given to the Secretary of State on December 5, 2005. The agenda was mailed to interested parties on November 3, 2006 and was posted on November 9, 2006 at this facility and at the Department of Environmental Quality. Mr. Steve Mason, Chair, called the meeting to order. Roll call was taken and a quorum was confirmed.

MEMBERS PRESENT

Brita Cantrell
Tony Dark (arrived late)
Bob Drake
Jennifer Galvin
David Griesel
Jerry Johnston
Sandra Rose
Terri Savage
Kerry Sublette
Richard Wuerflein
Steve Mason

MEMBERS ABSENT

Mike Cassidy
Jack Coffman

DEQ STAFF PRESENT

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

OTHERS PRESENT

Ellen Phillips, Assistant Attorney General
Christy Myers, Court Reporter

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

Approval of Minutes Mr. Mason called for motion to approve the Minutes of the February 24, 2006 Regular Meeting. Mr. Johnston made the motion to approve as presented and Mr. Wuerflein made the second. Roll call as follows with motion passing.

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	---	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Yes
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

Rulemaking – OAC 252:4 Rules of Practice and Procedure Mr. Jimmy Givens, DEQ General Counsel advised that the proposed rulemaking would allow the Board to have three meetings per year instead of the usual four with special meetings allowed if necessary. Mr. Drake moved to follow the recommendation of Counsel for three meetings per year. Mr. Johnston made the second. Roll call as follows with motion passing.

See transcript pages 8 - 15

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	---	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Yes
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

Rulemaking – OAC 252:100 Air Pollution Control Mr. David Branecky, Vice-Chair, Air Quality Council requested permanent adoption of proposed amendments to Subchapter 17 that incorporate by reference federal rules for commercial and industrial solid waste incineration units changing the date to September 22, 2005. Ms. Cantrell moved for approval and Mr. Griesel made the second. Roll call as follows with motion passing.

See transcript pages 15 - 17

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	---	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Yes
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

Mr. Branecky asked for permanent and emergency adoption of Subchapter 8, Part 11 which would incorporate by reference new federal Best Available Retrofit Technology (BART) requirements that deal with visibility impairment in national parks. He further explained that these requirements are part of the Regional Haze SIP. After discussion, Mr. Mason called for a motion. Ms. Cantrell moved for approval of Council's recommendation. Ms. Savage made the second. Roll call as follows with motion passing.

See transcript pages 17 - 25

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	---	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Abstain
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

Executive Director's Report Mr. Thompson called upon Mr. Givens to report on the disclosure of financial interests of those DEQ employees who are involved in issuing or enforcing permits for the DEQ. Mr. Thompson also talked about how the drought conditions had affected the public water supplies in many parts of the State; and he provided an update on the Tar Creek Superfund site and legislative issues.

See transcript pages 25 - 50

Mr. Craig Kennamer provided a slide presentation of the many accomplishments in the past year of the DEQ employees. *See transcript pages 51 -67*

DEQ Operational Budget Request Mr. Kennamer provided a detailed review of the budget for the Board's approval. Comments and questions were fielded by Mr. Kennamer, Mr. Thompson, and the Directors. Mr. Johnston moved for approval of the budget request and Ms. Galvin made the second.

See transcript pages 68 - 90

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	---	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Abstain
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

Annual Performance Review of Executive Director Mr. Mason called for a decision whether to go into Executive Session to discuss Mr. Thompson's annual review. Mr. Griesel made the motion to enter into Executive Session and Mr. Johnston made the second. The Board voted to enter into Executive Session and Ms. Cantrell volunteered to keep the minutes for the session.

See transcript pages 90 – 92

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	---	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Abstain
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

Returning from the Executive Session, Mr. Drake made motion to set the Executive Director's salary to the maximum annual salary currently allowed by the Oklahoma Legislature. Mr. Johnston made the second.

See transcript pages 93-95

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	Yes	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Abstain
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

Calendar Year 2007 Board meeting dates and locations The Board decided upon three meetings in 2007 and to calendar a fourth meeting should an additional meeting be needed. Ms. Cantrell made motion for February 23 in Oklahoma City; August 21 in Guthrie; November 14 or 15 (to be decided) in Weatherford; with the alternate in Ada on June 19. Mr. Johnston made the second.

See transcript pages 95 -100

Brita Cantrell	Yes	Sandra Rose	Yes
Tony Dark	Yes	Terri Savage	Yes
Bob Drake	Yes	Kerry Sublette	Abstain
David Griesel	Yes	Richard Wuerflein	Yes
Jerry Johnston	Yes	Steve Mason	Yes

New Business None

Adjournment The meeting adjourned at 1:55 and the Public Forum followed.

DEPARTMENT OF ENVIRONMENTAL QUALITY

STATE OF OKLAHOMA

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TRANSCRIPT OF PROCEEDINGS

OF THE ENVIRONMENTAL QUALITY BOARD

REGULAR MEETING

HELD ON AUGUST 22, 2006, AT 9:30 A.M.

IN ARDMORE, OKLAHOMA

* * * * *

1 MEMBERS OF THE BOARD

2 BRITA CANTRELL - MEMBER

3 MIKE CASSIDY - MEMBER

4 JACK COFFMAN - MEMBER

5 TONY DARK - MEMBER

6 BOB DRAKE - MEMBER

7 JENNIFER GALVIN - MEMBER

8 DAVID GRIESEL - MEMBER

9 JERRY JOHNSTON - MEMBER

10 STEVE MASON - MEMBER

11 SANDRA ROSE - MEMBER

12 TERRI SAVAGE - MEMBER

13 KERRY SUBLETTE - MEMBER

14 RICHARD WUERFLEIN - MEMBER

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STAFF MEMBERS

- STEVE THOMPSON - EXECUTIVE DIRECTOR
- JIMMY GIVENS - LEGAL
- WENDY CAPERTON - STAFF
- SCOTT THOMPSON - STAFF
- GARY COLINS - STAFF
- JON CRAIG - STAFF
- EDDIE MERRILL - STAFF
- ELLEN BUSSERT - STAFF
- JAMIE FANNIN - STAFF
- MYRNA BRUCE - SECRETARY
- CRAIG KENNEMAR - ATTORNEY

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PROCEEDINGS

MR. MASON: Good morning. My name is Steve Mason and I m Chairman of the Environmental Quality Board.

Before we start this morning, I d like to welcome Kerry Sublette, who s a new Member of our Board. Dr. Sublette is a Professor of Chemical Engineering and Geo-sciences and Sarkeys Professor in Environmental Engineering at the University of Tulsa. He also serves as the Director of the Integrated Petroleum Environmental Consortium.

His research interest include bioremediation of hydrocarbon impacted soil, remediation of brine spills, restoration of soil ecosystems, ecological indicators of soil ecosystem restoration and microbial ecology of aquifers impacted by BTEX, MTBE and chlorinated hydrocarbons.

You have 20 years of experience, I understand. And thank you for joining our Board. I appreciate it.

I d like to call this meeting to

1 order. The August 22, 2006 Regular Meeting
2 of the Environmental Quality Board has been
3 called according to the Oklahoma Open
4 Meeting Act, Section 311, Title 25 of the
5 Oklahoma Statutes.

6 Notice was filed with the Secretary
7 of State on December 5, 2005 and amended on
8 March 28, 2006 to add the location.

9 Agendas were mailed to the
10 interested parties on August 10, 2006. The
11 Agenda for this meeting was posted Friday,
12 August 18, 2006 at this facility at the
13 Department of Environmental Quality, 707
14 North Robinson in Oklahoma City, Oklahoma.

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

22 Myrna, let s do a roll call to see
23 who s here, please.

24 MS. BRUCE: Good morning. One
25 thing, if everyone has a green light on

1 their power button, your mic should be
2 working. If you don't, there's the power
3 thing on the side -- we might have skipped
4 you -- and push the blue button to talk
5 should you want to, and please do.

6 Ms. Cantrell.

7 MS. CANTRELL: Here.

8 MS. BRUCE: Mr. Cassidy is
9 absent. Mr. Coffman is absent. Mr. Dark,
10 I understand might come in late.
11 Mr. Drake.

12 MR. DRAKE: Here.

13 MS. BRUCE: Dr. Galvin.

14 DR. GALVIN: Here.

15 MS. BRUCE: Mr. Griesel.

16 MR. GRIESEL: Here.

17 MS. BRUCE: Mr. Johnston.

18 MR. JOHNSTON: Here.

19 MS. BRUCE: Mr. Mason.

20 MR. MASON: Here.

21 MS. BRUCE: Ms. Rose.

22 MS. ROSE: Here.

23 MS. BRUCE: Ms. Savage.

24 MS. SAVAGE: Here.

25 MS. BRUCE: Dr. Sublette.

1 DR. SUBLETTE: Here.

2 MS. BRUCE: Mr. Wuerflein.

3 MR. WUERFLEIN: Here.

4 MS. BRUCE: We do have a quorum.

5 MR. MASON: Thank you.

6 We ll continue with Item 3, which is
7 Approval of the Minutes of our February 24,
8 2006 Regular Meeting.

9 MR. JOHNSTON: Move to approve.

10 MR. MASON: Jerry Johnston moves
11 to approve.

12 Is there a second for his motion?

13 MR. WUERFLEIN: Second that,
14 Steve.

15 MR. MASON: Richard seconds it.

16 Is there any discussion? May we have a
17 vote, please, Myrna.

18 MS. BRUCE: Ms. Cantrell.

19 MS. CANTRELL: Yes.

20 MS. BRUCE: Mr. Drake.

21 MR. DRAKE: Yes.

22 MS. BRUCE: Dr. Galvin.

23 DR. GALVIN: Yes.

24 MS. BRUCE: Mr. Griesel.

25 MR. GRIESEL: Yes.

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MS. BRUCE: Mr. Johnston.

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MR. JOHNSTON: Yes.

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MS. BRUCE: Mr. Mason.

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MR. MASON: Yes.

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MS. BRUCE: Ms. Rose.

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MS. ROSE: Yes.

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MS. BRUCE: Ms. Savage.

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MS. SAVAGE: Yes.

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MS. BRUCE: Dr. Sublette.

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DR. SUBLETTE: Yes.

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MS. BRUCE: Mr. Wuerflein.

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MR. WUERFLEIN: Yes.

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MS. BRUCE: Motion passed.

15

MR. MASON: Thank you.

16

Item 4 is a presentation by Jimmy

17

Givens about the frequency of meetings, by

18

this Board.

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MR. GIVENS: Good morning. You

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will recall that at the last Board Meeting

21

in February there was a request made to

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staff of the DEQ to bring before you, both,

23

language and the rulemaking documents that

24

are necessary to adopt a rule that would

25

allow this Board to change the current rule

1 in such a way that there would only be
2 three Board Meetings per year, rather than
3 four.

4 Now, let me clarify that that
5 doesn't mean if this rule were adopted,
6 that you would be limited to three, it's
7 more a matter of expectations.

8 When the DEQ was formed in the early
9 90's, for a number of years after that,
10 obviously, there was a lot of rulemaking
11 that had to be done and there was a pretty
12 compelling need to have several Board
13 meetings per year.

14 In the past four years, counting
15 this year, we have had two out of those
16 four years in which we only had three
17 meetings. And the way it really breaks out
18 is, there is a pretty compelling reason to
19 have a Board Meeting early in the year;
20 there's a compelling reason to have one
21 late in the year; and there needs to be at
22 least one somewhere over the summer or
23 early fall months.

24 It has become less necessary to have
25 four per year because the programs have

1 matured, the rules require some revision
2 from time-to-time but we re not starting
3 out from scratch, so to speak.

4 So the Board did request that we
5 bring this proposal for further discussion
6 today. The steps have been taken so that
7 you could adopt this if you so desire,
8 today.

9 And as I say, if you were to adopt
10 it, we would set up three regularly
11 scheduled Board Meetings per year, and if
12 there were a need for any beyond that, they
13 would be handled as what are called
14 special meetings under the Administrative
15 Procedures Act -- Open Meetings Act, I m
16 sorry.

17 And with that, I will answer any
18 questions that you might have.

19 MR. MASON: Questions for Jimmy?

20 DR. GALVIN: Jimmy, is there any
21 need for the three meetings to be
22 specified? In other words, if you just
23 take out the at least three and leave it
24 at regularly scheduled meetings per year
25 would -- in case we wanted to have five,

1 one year; or two, one year; we wouldn't be
2 held to three.

3 MR. GIVENS: I'm sorry, Jennifer,
4 are you saying if we took out at least
5 and just said there will be three
6 regularly scheduled?"

7 DR. GALVIN: Take out at least
8 three." Take all three of those words out
9 and it reads, the Board shall hold
10 regularly scheduled meetings per calendar
11 year." As it reads, you have to have
12 three.

13 MR. GIVENS: There is no
14 requirement in the Statute for a minimum
15 number of meetings per year. As a
16 practical matter, we pretty much have to
17 have three to get all the business done.
18 If we just say, the Board shall hold
19 regularly scheduled meetings per calendar
20 year, is that what you're proposing?

21 I don't know that that is
22 problematic in the sense of saying anything
23 that would be erroneous, but I don't know
24 if that creates -- it seems to me you may
25 want to create some expectation about what

1 the minimum number is, would be my concern
2 on that. If I m understanding what you re
3 asking.

4 MR. THOMPSON: Let me just say --
5 I think Jimmy covered this. As a practical
6 matter, the Board has an obligation to
7 review our budget request. That budget
8 request is due October the 1st. We
9 typically do that at this meeting.

10 Then the Board also has an
11 additional obligation to review our
12 legislative agenda. That s typically done
13 closer to the legislative session, in
14 November.

15 And then at the February meeting, as
16 our good friend -- my good friend, Bud
17 Ground, would say, the DEQ never saw a fee
18 that it didn t like. You have to do fee
19 making during the legislative session.

20 So there is, as a practical matter,
21 a need for those three meetings. But I
22 agree with Jimmy that if -- I don t think
23 there s any compelling legislative
24 requirement to do them -- to set a specific
25 number.

1 MR. GIVENS: Just to follow up, I
2 guess if we wanted to simply imitate what
3 the Statute says, the rule would say
4 something like, the Board shall hold
5 meetings as it deems necessary. That is
6 pretty much what the Statute, itself, says.
7 And we could mimic that in the rule. But
8 as Steve said, I think what we would like
9 to emphasize is if we went that direction,
10 our belief is that it would rarely, if
11 ever, be possible to get by with less than
12 three meetings per year.

13 DR. GALVIN: I don t have any
14 real concern about this, other than we are
15 changing it and if you leave it more open-
16 ended you can have five, you can have four,
17 you could have two. My thinking is that
18 you just don t ever have to change it
19 again.

20 So, I mean, I understand the need
21 for at least three and if you want to leave
22 it with that wording, that s fine.

23 MR. GIVENS: I don t know that we
24 have any strong desire one way or the other
25 as long as the Board understands what our

1 needs are.

2 MR. JOHNSTON: I think if we cut
3 down less than that, it s detrimental to
4 the Councils because it doesn t let us get
5 to some of the things that they need to get
6 voted on and get back to the -- I noticed
7 in some of the Minutes, the Council
8 Minutes, that they asked if we weren t
9 having an August meeting, were we having a
10 meeting in June, and they had to change
11 some of the things they did.

12 I feel comfortable with specifying
13 three meetings a year.

14 MR. MASON: Other Board
15 discussion? Comments from the public?
16 Does the Board have a pleasure?

17 MR. DRAKE: I move that we follow
18 the recommendations of Counsel for the
19 publication of three meetings.

20 MR. JOHNSTON: Second.

21 MR. MASON: We have a Motion and
22 a second. Is there any discussion? Can we
23 have a vote, please.

24 MS. BRUCE: Ms. Cantrell.

25 MS. CANTRELL: Yes.

1 MS. BRUCE: Mr. Drake.
2 MR. DRAKE: Yes.
3 MS. BRUCE: Dr. Galvin.
4 DR. GALVIN: Yes.
5 MS. BRUCE: Mr. Griesel.
6 MR. GRIESEL: Yes.
7 MS. BRUCE: Mr. Johnston.
8 MR. JOHNSTON: Yes.
9 MS. BRUCE: Mr. Mason.
10 MR. MASON: Yes.
11 MS. BRUCE: Ms. Rose.
12 MS. ROSE: Yes.
13 MS. BRUCE: Ms. Savage.
14 MS. SAVAGE: Yes.
15 MS. BRUCE: Dr. Sublette.
16 DR. SUBLETTE: Yes.
17 MS. BRUCE: Mr. Wuerflein.
18 MR. WUERFLEIN: Yes.
19 MS. BRUCE: Motion passed.
20 MR. MASON: Thank you.
21 Item 5 is an Air Pollution Control
22 rulemaking issue by David Branecky, please.
23 MR. BRANECKY: Thank you,
24 Mr. Chairman. Good morning, Members of the
25 Board.

1 I have two rules that I bring before
2 you today. And I guess what I d like to do
3 is present our revision to Subchapter 17
4 first and then we ll go on and do the
5 revision of Subchapter 8.

6 What we re asking for in Subchapter
7 17 is just a date change from July 1, 2002
8 to September 22, 2005. Last year EPA
9 promulgated new rules that had to deal with
10 commercial and industrial solid waste
11 incineration units, and so we need to
12 change that date to incorporate those
13 changes into the State rule. And we re
14 asking that this be passed as a permanent
15 rule.

16 MR. MASON: Questions from the
17 Board? Questions from the public?
18 Comments? What would the Board like to do?

19 MS. CANTRELL: I move for
20 approval.

21 MR. GRIESEL: I ll second.

22 MR. MASON: We have a Motion and
23 a second. Is there any discussion? Can we
24 have a roll call vote, please, Myrna.

25 MS. BRUCE: Ms. Cantrell.

1 MS. CANTRELL: Yes.

2 MS. BRUCE: Mr. Drake.

3 MR. DRAKE: Yes.

4 MS. BRUCE: Dr. Galvin.

5 DR. GALVIN: Yes.

6 MS. BRUCE: Mr. Griesel.

7 MR. GRIESEL: Yes.

8 MS. BRUCE: Mr. Johnston.

9 MR. JOHNSTON: Yes.

10 MS. BRUCE: Mr. Mason.

11 MR. MASON: Yes.

12 MS. BRUCE: Ms. Rose.

13 MS. ROSE: Yes.

14 MS. BRUCE: Ms. Savage.

15 MS. SAVAGE: Yes.

16 MS. BRUCE: Dr. Sublette.

17 DR. SUBLETTE: Yes.

18 MS. BRUCE: Mr. Wuerflein.

19 MR. WUERFLEIN: Yes.

20 MS. BRUCE: Motion passed.

21 MR. BRANECKY: All right. The

22 second rule we d like to ask for your

23 approval on is the revision of Subchapter

24 8, Part 11; visibility protection

25 standards. As you recall, we brought this

1 to the last Board meeting but after the
2 Council passed it, we recognized an errors.
3 So we asked that it be brought back to the
4 Council for corrections and we have since
5 done that.

6 To give you a little bit of a
7 background of what this is, it s a little
8 bit more complicated than the first rule
9 you just passed. It has to deal with
10 visibility impairment in Class I areas,
11 what we call Class I areas, which are
12 National Parks.

13 In Oklahoma the Wichita Mountains is
14 considered a Class I area. This requires
15 the installation of Best Available Retrofit
16 Technology on certain sources in the state
17 to reduce the visibility impairment in a
18 Class I area. If a source is listed as one
19 of 26 categories and its utilities,
20 generating units, refineries, pulp and
21 paper mills, those types of facilities, if
22 they emit more than 250 tons a year of any
23 visibility impairing pollutant, which would
24 be NOx, SO2, or particulate matter. And if
25 they were built -- became operational after

1 August 7, 1962 and were in existence before
2 August 7, 1977 and they emit these
3 pollutants that impact the visibility then
4 they are considered BART-eligible for Best
5 Available for Retrofit Technology.

6 In Oklahoma, there are 23 sources
7 that are eligible. Those sources are in
8 the process of going through and
9 determining whether they do impact the
10 visibility. And it s not only the
11 visibility in Oklahoma, there s some
12 National Parks, or National Forests, I
13 guess, in Arkansas that are Class I areas:
14 Caney Creek, Upper Buffalo River, and even
15 in Southern Missouri there s the Hercules
16 Glade, they have to look at the visibility
17 impact on those facilities -- or those
18 areas also. If there is an impact, then
19 those sources have to install controls to
20 reduce their emissions. And that s what
21 this rule requires those sources to do.

22 This is part of the federal program
23 and we re just making this part of the SIP.
24 Once this is into the SIP, the states will
25 have -- the affected sources will have to

1 submit permit modifications to DEQ by March
2 of next year. DEQ will incorporate those
3 permit modifications into the SIP, and then
4 once EPA approves the SIP, those sources
5 have five years to install the controls.
6 So we re looking at installation of
7 controls on these sources by, earliest,
8 2013.

9 So we re asking this to be passed as
10 both an emergency and a permanent rule.
11 We re asking for an emergency rule because
12 the affected sources need to know the rules
13 of the game and we re on a short time
14 frame. Like I said, the permanent
15 modifications for these sources have to be
16 in by March of next year. So we want to
17 get this rule in place so the sources will
18 know what they have to deal with. We re
19 asking for both a permanent and emergency
20 rule, today.

21 MR. MASON: Questions from the
22 Board?

23 David, do we know if the examination
24 by the sources, say in Lawton, like the
25 Goodyear plant or Goodrich, what is this

1 going to do to them?

2 MR. BRANECKY: I don't believe
3 they are -- they are not an affected
4 source.

5 MR. MASON: So there's nobody big
6 in Lawton, that this is going to hit bad?

7 MR. BRANECKY: I have a list --
8 in Lawton itself, I don't think -- there
9 are some -- a power plant near Lawton that
10 maybe I think is.

11 The majority of the impact on the
12 Wichita Mountains comes from Texas, from
13 the sources in Texas.

14 MR. THOMPSON: I think it is fair
15 to say that there was a new facility that
16 was seeking to be permitted in Lawton, and
17 that would have had an impact. And quite
18 frankly we, the Agency, could not work with
19 the facility but we couldn't find a way to
20 permit that facility at the proximity to
21 the Wichita Mountain Wildlife Refuge, that
22 they wanted to place a facility. I think
23 they have since then -- they're looking at
24 other locations. I think that -- I mean
25 other locations in Oklahoma, is my

1 understanding.

2 But while we don't have an existing
3 source that is impacted by the Regional
4 Haze Rule, I think their new facilities are
5 beginning to show up at their -- where
6 there may be an impact.

7 MR. BRANECKY: I do think there
8 is a power plant in Comanche County that's
9 actually affected by this. That would be
10 the closest facility to the Wichita
11 Mountains.

12 MR. WUERFLEIN: David, I
13 understand this just affects facilities
14 built during a 15 year period, so this list
15 is fixed? I mean there's no way to get
16 added into the -- or subtracted from the
17 BART technology remediation list?

18 MR. BRANECKY: Well, there is a
19 way if after the installation of these
20 controls, there still shows an impact in
21 visibility. What EPA did was, it took the
22 background positions of all the Class I
23 areas and the goal is to reach natural
24 conditions by 2064. So from the -- I'm
25 sorry, from the natural conditions to 2064

1 you draw a line and you re -- EPA expects
2 you to meet certain reasonable progress
3 goals, you re supposed to stay on that line
4 from now -- between now and 2064.

5 If you put on controls or propose
6 these BART controls, and you don t meet
7 your goal, then there s a possibility that
8 it could be required to go out and ask for
9 additional reduction on sources that are
10 not subject to this BART rule.

11 UNIDENTIFIED PERSON:
12 Theoretically.

13 MR. BRANECKY: Theoretically, it
14 could be done. So we could pull in other
15 sources if we re not meeting our goals with
16 respect to the progress.

17 MR. TERRILL: In order to do that
18 we would have to go through our Council
19 with additional rulemaking. This is the
20 only rule we ll have on the books in our
21 SIP that s applicable to Region 8.
22 Anything else will have to go through the
23 Council process so that we can share
24 comments of these facilities that might be
25 affected.

1

2 MR. BRANECKY: This is a national
3 program. Every state in the country is
4 having to address this. And the State of
5 Oklahoma, ODEQ, has been part of a nine-
6 state group that has been looking at this
7 since 1999. It s been quite a while.

8 MR. MASON: Other comments or
9 questions from the Board?

10 MS. CANTRELL: I move approval of
11 the Council s recommendation.

12 MR. MASON: Is there a second?

13 MS. SAVAGE: Second.

14 MR. MASON: We have a Motion on
15 the table, which I appreciate. Now, let s
16 go to public, is there any public comment?
17 Is there any further Board discussion? I
18 think we have a Motion to pass this as
19 presented. Myrna.

20 MS. BRUCE: Ms. Cantrell.

21 MS. CANTRELL: Yes.

22 MS. BRUCE: Mr. Drake.

23 MR. DRAKE: Yes.

24 MS. BRUCE: Dr. Galvin.

25 DR. GALVIN: Yes.

1 MS. BRUCE: Mr. Griesel.
2 MR. GRIESEL: Yes.
3 MS. BRUCE: Mr. Johnston.
4 MR. JOHNSTON: Yes.
5 MS. BRUCE: Mr. Mason.
6 MR. MASON: Yes.
7 MS. BRUCE: Ms. Rose.
8 MS. ROSE: Yes.
9 MS. BRUCE: Ms. Savage.
10 MS. SAVAGE: Yes.
11 MS. BRUCE: Dr. Sublette.
12 DR. SUBLETTE: Abstain.
13 MS. BRUCE: Mr. Wuerflein.
14 MR. WUERFLEIN: Yes.
15 MS. BRUCE: Motion passed.
16 MR. MASON: Thank you. Thank
17 you, David. I think we re at Steve
18 Thompson now.
19 MR. THOMPSON: Thank you,
20 Mr. Chairman. We wanted to cover about
21 four things in the Executive Director s
22 Report this morning. The first is some
23 disclosure of financial interest that the
24 statutes require us to disclose to the
25 Board each year. I wanted to talk a little

1 bit about a couple of things that have been
2 in the news, the impacts from the drought
3 conditions that we are suffering in the
4 state and from the extraordinary heat that
5 we've been suffering, and a little bit
6 about Tar Creek. I want to go over the key
7 legislative actions that occurred in the
8 past Legislative Session. And Craig has
9 put together a review of some of the
10 notable projects -- or programs for the
11 Agency and for some of its employees since
12 we're beginning a -- really in the
13 beginnings of a new fiscal year.

14 So, first let me turn to Jimmy to
15 discuss the financial interest disclosure.

16 MR. GIVENS: I will be brief. If
17 you've been on the Board for very long, you
18 are familiar with the requirement that we
19 have in the Environmental Quality Code
20 that's actually an overlay on more general
21 ethics rules, statutory requirements and,
22 of course, our own internal policies about
23 conflict of interest.

24 When the DEQ was created there was a
25 statute that was adopted, however, that

1 added to those requirements by saying that
2 if you work for the DEQ in any sort of a
3 supervisory, administrative, or technical
4 position that involves issuing or enforcing
5 permits for the DEQ, then you must disclose
6 to the Executive Director, and he in turn
7 must disclose to the Board what those
8 interest are that you hold. Any sort of
9 compensation, stock interest, anything like
10 that. I think it s simply to allow the
11 Board to perform an oversight role to make
12 sure that everything is as it should be
13 from among the people who work for DEQ.

14 And so that is, basically, what the
15 requirement says. There are about a half
16 dozen new disclosures this year and those
17 are the ones that I will mention. And then
18 if you have any questions, I d certainly be
19 pleased to answer them.

20 To begin with, Scott Thompson, Land
21 Protection Division, disclosed ownership
22 interest and stock in Sonic Corporation.
23 And by the way, some of these corporations
24 -- it s a little bit of a stretch to say
25 whether they are regulated by DEQ or not.

1 Certainly, Sonic is large enough that in
2 some respects, they would be regulated by
3 us, but there may be others where it s not
4 as obvious that there s a regulatory
5 position with respect to that corporation.

6 Nevertheless, with storm water
7 requirements, even solid waste
8 requirements, whatever, we tend to take a
9 cautious approach about making disclosures
10 and make them where there s any doubt.

11 Secondly, Robert Replogle, with Land
12 Protection Division, an override interest
13 in leases with Duke Energy Field Services.

14 Karen Miles, in the Water Quality
15 Division, stock interest in OG&E.

16 Michael Freeman, Administrative
17 Services Division, stock interest in
18 Walmart.

19 Dave Dimick, from the Air Quality
20 Division with bond interest in the Grand
21 River Dam Authority, and the Oklahoma State
22 Turnpike Authority.

23 Lynn Martin, from the Water Quality
24 Division, with a stock interest in OG&E.

25 And one update, there had been a

1 previous disclosure several years ago by
2 Pam Dizikes in the Legal Division, of stock
3 ownership in Kerr-McGee Corporation and
4 that has been divested.

5 And let me just wrap up my part of
6 this presentation prior to any questions
7 you may have by saying what we do with
8 this, beyond simply reporting to you, is
9 that whenever one of these disclosures is
10 made, I generate a memo that goes both to
11 the supervisor and to the Division
12 Director, with a copy to the employee, that
13 emphasizes how seriously we take conflict
14 of interest situations and emphasizes that
15 that employee cannot be in a position of
16 not only working on but in anyway
17 influencing any decision that relates to
18 that corporation.

19 So, we do take it quite seriously.
20 We follow it up when these disclosures are
21 made and it is the responsibility, of
22 course, of the manager to make sure that
23 that is observed.

24 I d be pleased to answer any
25 questions, if you have any.

1

2 MR. THOMPSON: Thank you, Jimmy.

3 Let me briefly talk about the
4 drought and heat conditions that we've been
5 experiencing in the state and some of the
6 impacts of those.

7 First, I'll talk a little bit about
8 public water supply. DEQ lists on its
9 website, the number of communities that are
10 doing rationing, water rationing, either
11 voluntary or mandatory rationing. That
12 list has grown to 58 through last Friday,
13 which is a significant number, I
14 understand. But if you compare it to the
15 numbers that we had during the '78 and '80
16 drought period, the numbers for rationing
17 grew to almost 200 systems.

18 I think from that experience, the
19 Agency and the Water Quality Council have
20 learned the need for better engineering
21 systems and I think the engineering designs
22 of public water supply systems have
23 improved to the point where some of the
24 rationing issues have gone away. But
25 that's not to say that there haven't been

1 isolated incidences where folks have either
2 been out of water or nearly out of water.

3 The City of Jay, on two occasions
4 now, has struggled with supplying water to
5 their customers because the intake to their
6 public water supply in Lake Oochee is at a
7 depth that, as the lake drops, it becomes
8 difficult to supply that water.

9 We have worked with them twice now
10 to try to rehab a couple of existing wells
11 to use as emergency water sources and will
12 continue to work with them. But I suspect
13 a long-term solution to that problem is to
14 extend the intake out deeper into the lake
15 -- to a deeper part of the lake.

16 I notice that Brian Campbell is
17 here. The City of Colbert ran out of
18 water. And our friends -- I don't know
19 where we're at with that right now, but our
20 friends at the Chickasaw Tribe actually
21 trucked the water -- while the state was
22 trying to figure out how we were going to
23 get the water to Colbert, the Chickasaw
24 Nation loaded up their water trucks with
25 water and provided Colbert with water for

1 their tank. And Brian, is that continued -
2 - do we continue -- do you guys continue to
3 do that?

4 MR. CAMPBELL: They re still
5 having problems but I think they re
6 drilling a new water well, the last time I
7 heard. I think they re making progress.
8 But we re still ready whenever they have
9 problems. We re having to go in,
10 periodically.

11 MR. THOMPSON: Well, we
12 appreciate your effort on that.

13 The City of Bridgeport had to drill
14 a new well because they ran out of water.
15 Let s see, John, I m trying to think.
16 Those are the three that come to mind. It
17 seems to me there was one other one. Oh, I
18 know, the City of Dustin. The town of
19 Dustin was struggling with their public
20 water supply because it was a surface water
21 source and they were -- the lake dried up.
22 Their water source dried up. So we
23 improvised a system where they were going
24 to pump water from a well into the lake and
25 then treat it as it went into the lake, so

1 they would have a water supply. So we are
2 beginning to see some effects from the
3 drought. Hopefully, it will rain.

4 The other issue that I think is of
5 some interest is the effect of the heat on
6 the ozone formation in Tulsa and Oklahoma
7 City. And this has been sort of an anomaly
8 for us. Typically, when you get extremely
9 high temperatures, you don't see the
10 formation of ozone at the levels that you
11 would for an intermediate range
12 temperature. I think sort of the perfect
13 cooking temperature for ozone is between 85
14 and 95 degrees. But we have had some
15 exceedences at very high temperatures. We
16 question whether that is -- begin to
17 question whether that ozone formation is a
18 result of facilities in Tulsa and Oklahoma
19 City or if we're beginning to see some
20 transport effects and what we're going to
21 have to do in the future.

22 So where are we? Well, fortunately
23 the standard calls for the fourth highest
24 reading, and it's a three year rolling
25 average, and the magic number is .085 parts

1 per million. And we have a -- we've had
2 some bad days. We have one site in
3 Oklahoma City, in fact, that has hit the
4 standard as the fourth highest reading, but
5 if you consider the two good years we had
6 previously, the rolling average between '04
7 and '06 is at .080. So we have some margin
8 there.

9 So the answer is, what's going to
10 happen with attainment or non-attainment?
11 The answer is, we'll see what kind of a
12 year, we have next year. If we have
13 another good year we're sort of back in the
14 black. If we have a bad year, it depends
15 on how bad it is. If we have a bad year we
16 may, in fact, be faced with non-attainment
17 issues.

18 Jon or Eddie, anything to add to
19 that? Is that a pretty good general
20 description of what's going on?

21 MR. TERRILL: Yes.

22 MR. THOMPSON: Okay. Any
23 questions about that?

24 Then, let me briefly talk about Tar
25 Creek. I thought I would be retiring with

1 the issues relating to Tar Creek, I m not
2 sure that s true anymore.

3 This year Senator Inhofe
4 commissioned a study by the US Corp of
5 Engineers, the Army Corp of Engineers to
6 look at subsidence issue in the Tar Creek
7 area around Picher and Cardin. And that
8 report, when it was issued this spring,
9 showed in some areas there was a 50 percent
10 chance of subsidence in the area.

11 So faced with that reality, there
12 was a public meeting that was held on the
13 subsidence report and there was enough
14 concern by public policy makers in the
15 state to -- that Senator Inhofe set aside
16 some money that was to be used for other
17 purposes in Tar Creek for voluntary buyout
18 of people in a designated area that
19 included Cardin, Picher, and Hopper.

20 A local trust will be in charge of
21 the buyout as it was in the Governor s
22 buyout of people with children of six years
23 and under, last year. Last year s local
24 trust was headed by former State
25 Representative Larry Roberts. This year

1 the Chairman of that local trust is former
2 State Representative Larry Rice. They will
3 do the evaluations of the property, use the
4 federal money for the buyout, the DEQ will
5 be the banker. We will -- as we were last
6 year, we ll -- the funds will come to us
7 and we will release the money to the trust
8 based on certain statutory requirements.

9 Any questions about that before I
10 move on to the legislation?

11 MR. MASON: Steve, did I read
12 that the source of that funding, maybe,
13 came from some research funds that were
14 being used up there and did that impact
15 other activities up there?

16 MR. THOMPSON: There was some
17 research funds that had been -- was going
18 to go to OU for some work. There was some
19 -- the Oklahoma Plan, when we first got
20 into the Oklahoma Plan generally
21 anticipated the cleanup of areas outside of
22 the corp. And we had begun some of that
23 work. But with the advent of the
24 subsidence report, the money that was going
25 to go for perimeter cleanup actually became

1 the money that was used for the buyout.

2 Other projects were affected.

3 Scott, is there -- is that generally
4 a pretty good summary?

5 MR. SCOTT THOMPSON: I'd say most
6 of the work around (inaudible) is done or
7 will be done shortly. We're doing some QA
8 and QC on the conservation commissions
9 cleanup stuff, we have some loose ends
10 there. But there's going to be 18 Million
11 Dollars out of the Oklahoma Plan money
12 diverted for buyout and -- so some of the
13 work around -- in other parts of the site
14 was done, too, but for the most part it's
15 (inaudible) commerce. I'd say that portion
16 of the site will be cleared off the map
17 fairly soon.

18 MR. STEVE THOMPSON: Okay. Then
19 let me run through -- I think we sent a
20 Legislative update to you under separate
21 cover from the Board packet. Let me run
22 through the items of interest, the Bills of
23 interest from last the legislative session.

24

25 The first of these was House Bill

1 2766 by representative Roggow and Senator
2 Rabon. As we have taken on more program
3 responsibility we -- let me start again.
4 The legislature sets a certain level of
5 full-time equivalent employees that any
6 Agency can have. As we've taken on more
7 and more programs, we have begun to creep
8 closer to that limit.

9 The Agency has always hired college
10 students that gives us a fairly flexible
11 workforce for certain activities and it
12 helps these kids with their college
13 expenses. Those folks have always counted
14 against our FTE limit.

15 What we did this year was go to the
16 legislature with a Bill that said they
17 don't count against our FTE limit. So we
18 now can hire those college kids, get a
19 pretty good flexible workforce, help them
20 with their college expenses, but hire full-
21 time employees that those positions had
22 previously taken up. So it was sort of an
23 interim process to asking for an increase
24 in our FTE limit.

25 Senate Bill 1293 was a request bill.

1 The authors were Senator Johnnie
2 Crutchfield and Representative Dale Dewitt.
3 Small communities typically struggle with
4 employing and retaining certified
5 operators. The state certifies the
6 operators of public water supply and waste
7 water systems. This bill removed any
8 potential legal impediment against small
9 communities sharing certified operators.
10 The Water Quality Advisory Council will
11 address the issue of what constitutes a
12 small community. Rather than try to define
13 that in the statute, we were going to leave
14 that to the Water Quality Advisory Council
15 and the number or size of communities that
16 can share services.

17 We are partnering with the Southern
18 Oklahoma Development Authority, to run a
19 pilot implementation project. Senator
20 Crutchfield has committed to try next year
21 given -- going to run this pilot, see how
22 successful it is. If it s successful
23 Senator Crutchfield is committed to try to
24 seek funding for the program statewide next
25 year. So we ll see how that goes.

1 One of the most interesting --
2 probably the bill that took the most time
3 and hardest work this year was Senate Bill
4 1366. You will recall, last year we came
5 to you with a request to increase the
6 hazardous waste fees, those are fees that
7 are statutory fees rather than regulatory
8 fees. That bill was introduced and was met
9 with just standing ovations everywhere. It
10 was just a bill that just everybody loved.
11 But then a couple of things happened, as a
12 part of the BRAC, the Base Relocation and
13 Closure effort of the federal government,
14 they are giving back 60 National Guard
15 Armories to communities across the state,
16 all of which have environmental problems.

17 So we were in a position -- and the
18 Department of Central Services was a real
19 estate agent. So what Central Services was
20 going to do was say, here s this property,
21 use it as you wish. And the DEQ was going
22 to -- we have the responsibility of doing
23 the assessment and we were going to come
24 along behind them and say, hold up just a
25 minute, we have environmental problems

1 here. So that came along during the
2 session. The other thing that came along
3 during the session was that there was some
4 money that had gone from the underground
5 storage tank indemnity fund to pay off some
6 capital improvement projects at OU and OSU.
7 Those obligations were met in the Spring so
8 that money was being returned to the
9 Underground Storage Tank Indemnity Fund.

10 So we worked with the Oklahoma
11 Corporation Commissioners, the Oklahoma
12 Petroleum Marketers, the Environmental
13 Federation of Oklahoma, and the facility
14 that was going to be most impacted by a
15 hazardous waste fee increase, Clean Harbors
16 up in the northwest part of the state, and
17 we were able to change Senate Bill 1366 to
18 a bill that provides annual payments of
19 Eight percent of the Underground Storage
20 Tank Fund to the department, which annually
21 will bring in somewhere between 2 and 2.4
22 Million Dollars for the Agency.

23 With that money we plan to address
24 the environmental issues of the armories;
25 to address the issues related to funding

1 for our Land Protection Division; to use
2 the funding for Superfund match; we hope to
3 begin to address contaminated sites across
4 the state that don't qualify for Superfund;
5 and, to the extent possible, mitigate the
6 need for increases in Title V fees.

7 So, I don't know, in my experience
8 I've hit a few singles and a double or two,
9 this was a home run. This was a
10 legislative home run.

11 Senate Bill 1460 was a -- started
12 out as simple clean up language on some Air
13 Quality issues. There was a bill out there
14 called the Environmental Covenants Act and
15 that was not heard because of some
16 scheduling conflicts. And that bill simply
17 says that to remove a restriction that the
18 DEQ has put on property, now takes a court
19 action, where it wasn't necessarily the
20 case before. It gives buyers and sellers
21 protection. It gives the Agency the kind
22 of institutional control on restrictions
23 that we had always hoped for. It was
24 supported well by industry. Bud Ground was
25 the one that brought it to my attention and

1 we just think it was -- we thought it was a
2 good -- a win-win for everybody. And so
3 that was incorporated into -- that language
4 was incorporated into 1460 and was enacted.

5 That represents the request bills
6 that we came to you with, last year. Now
7 there s some other bills of interest.
8 House Bill 2810 was a bill that got some
9 publicity during session. It was entitled
10 the Oklahoma Refinery Revitalization Act.
11 And it requires the Agency to work with the
12 Environmental Protection Agency, to get a
13 Memorandum of Understanding (MOU) with the
14 federal Agencies and for DEQ to get a
15 Memorandum of Understanding (MOU) with the
16 state Agencies to coordinate and
17 consolidate the regulatory effort for the
18 revitalization permitting or the permitting
19 of a new refinery in the State of Oklahoma.

20

21 We ve been working since the end of
22 the session to -- we ve drafted some MOU s,
23 we have forwarded those to both the US
24 Environmental Protection Agency and to the
25 other state Agencies. And we re going to

1 open discussion with both, I think, the
2 first week in September, to begin to work
3 through the issues with those MOU s.

4 The bill, additionally, provided
5 certain time lines for the consideration of
6 a permit for a refinery and an appeals
7 process, should the Agency or Agencies fail
8 to meet those time lines.

9 Senate Bill 1463 by Senator Wyrick
10 and Representative Glenn, it s the
11 framework legislation for the Tar Creek
12 buyout that I talked about earlier.

13 Senate Bill 1557 was a bill that
14 takes 10 percent of the solid waste fee,
15 per ton, for the purchase of wheel washes
16 at municipal solid waste landfills with a
17 cap of \$300,000 per year. It s a voluntary
18 program, it s an issue that the Agency
19 didn t oppose because we do get complaints
20 about people tracking things out of
21 landfills -- mud and trash, on their wheels
22 -- and this helps to clean those trucks up
23 before they leave the landfill. It was a
24 bill that we, I suppose, supported. It s
25 always fun to give up \$300,000.

1 Senate Bill 1938 by Senator Corn and
2 Representative Blackwell, was a bill that
3 by some miracle passed through both Houses
4 on the very last day of the session. It s
5 a good bill, it requires us to license
6 highway spill contractors. The licensing
7 fee is -- for the initial licenses is
8 \$10,000 with a \$1,000 annual renewal.
9 The bill requires adequate training and
10 insurance, that s the basic provisions of
11 the Bill for the companies that do this and
12 they were -- and then we will forward that
13 to the Hazardous Waste Management Advisory
14 Council and let them wrestle with what that
15 means.

16 It had an interesting provision that
17 clean ups were limited to Oklahoma
18 companies only. So we ll see how that
19 works out.

20 A couple of other bills that we
21 mentioned -- that I mentioned that were
22 bills of interest that were not enacted,
23 House Bill 2711 by Representative Bingman
24 would have merged the responsibilities of
25 the Oklahoma Water Resources Board into the

1 DEQ.

2 Senate Bill 1785 by Senator Wyrick
3 would have merged the authorities of the
4 Oklahoma Scenic Rivers Commission into the
5 DEQ. Neither of those were enacted.

6 The other thing I ll mention is our
7 budget. We had asked for some funding for
8 small communities, and at the end of the
9 session, I think, with the help of -- I
10 don t think Senator Crutchfield is here,
11 but with his help we were able to get
12 \$750,000 added to our appropriations. Of
13 that money, \$545,000, in that range, will
14 go as a direct offset to increasing
15 analytical cost for our smallest
16 communities for public water supply
17 analysis. The remainder will be -- will go
18 to the Water Quality Division to do on-the-
19 ground technical assistance to small
20 communities. The issue we re dealing with
21 most specifically now, is public water
22 supply, although, there will probably be
23 some waste water issues that we can use for
24 that also, down the road.

25 So at the end of the day, all of our

1 request bills were passed. Some of the
2 bills of interest, that were not request
3 bills, were enacted and we re working on
4 those. Had a pretty good budget year.
5 Bill 1366, I think, will provide, until
6 it s changed, annual funding for a lot of
7 the needs of the Agency. So we re very
8 happy with the outcome of that legislation.

9 With that, I ll answer any questions
10 about legislation from the past year.

11 MR. DRAKE: Steve, this isn t a
12 question. You commented several times on
13 Senator Johnnie Crutchfield and he had
14 planned to be here, as you know. I just
15 wanted everyone else to know that his wife
16 was having some medical problems and he
17 wasn t able to be here but he has certainly
18 been a good friend to this area of Oklahoma
19 and certainly DEQ. We need to thank him
20 when we see him.

21 MR. THOMPSON: Good friend. And
22 if our pilot with SODA works out this year,
23 we re hopeful that he ll be able to get us
24 some more money so we can take that program
25 statewide.

1 With that, if there s no other
2 questions, I m going to turn it over to
3 Craig and he s going to highlight some
4 activities of the Agency and I think he s
5 got some slides, don t you?

6 MR. MASON: Before we go there,
7 does the public have any questions for
8 Steve about what he s covered?

9 Let s go to your slides.

10 MR. KENNAMER: All right.

11 MR. MASON: Sorry. Let s hear
12 what Richard --

13 MR. WUERFLEIN: With 1366, our
14 fee request on hazardous waste materials is
15 no more.

16 MR. THOMPSON: No more.

17 MR. WUERFLEIN: So where does
18 that leave our hazardous waste fee compared
19 to the regional states surrounding us?

20 MR. THOMPSON: I think that
21 leaves us the second -- I think the lowest
22 one is Colorado --

23 MR. WUERFLEIN: I think we were
24 just bringing it up to kind of a regional
25 deal, so we re still very low.

1

2 MR. THOMPSON: Yeah. I think
3 Colorado is \$6.00 and we're \$9.00 and
4 everybody else in the Region is --

5 MR. WUERFLIEN: Is twenty-
6 something.

7 MR. SCOTT THOMPSON: And ours has
8 been \$9.00 since probably 1990 or something
9 like that. So that remains the same.

10 MR. THOMPSON: But it remains the
11 same. But we will use this funding to
12 address the needs, that we were raising the
13 fee before. But Scott's doing what he
14 ought to do. He's setting up for the next
15 run at a fee increase.

16 MR. WUERFLEIN: Okay.

17 MR. MASON: Steve, is there any
18 date for this highway transporter spill
19 cleanup guys you have to start licensing
20 by?

21 MR. THOMPSON: It's the -- the
22 bill becomes effective November 1st and so
23 we are working with the Council, as we
24 speak, to try to move rules along so that
25 we're prepared to implement the Act. We'll

1 never get it done by November 1st, but
2 we re moving forward because those rules
3 will have to come here. But we re moving
4 forward as quickly as we can.

5 Jimmy, do you have something to add?

6 MR. GIVENS: No. Just the Board
7 needs to be ready because they will come to
8 the Board at the November Board Meeting and
9 we will get them -- we intend to talk to
10 the Governor s office and give them a heads
11 up that these are coming and get them in
12 place as soon as we can.

13 MR. MASON: So we re going to
14 have emergency rules on this in November?

15 MR. GIVENS: Yes.

16 MR. THOMPSON: We hope. That s
17 what we re trying to do. Clearly, the most
18 interesting provision of that is limiting
19 it to Oklahoma facilities. But that was
20 discussed briefly when the legislation was
21 proposed and you can see how it turned out.

22

23 (Board watches slides of presentation)

24

25 MR. KENNAMER: Good morning. I m

1 Craig Kennamer and I m the Deputy Executive
2 Director with the DEQ. And this morning s
3 presentation is a great honor for me
4 because I get to talk about my good fortune
5 in working with 550 exceptional people. I
6 am amazed by their efforts every single
7 day, and as you ll see in this presentation
8 just how excellent and how above and beyond
9 our employees go to get the job done.

10 This first slide is one of the new
11 Air Programs and you all are familiar with
12 the ozone alerts that we do, and those are
13 really tied to forecasting when we think
14 that we re going to exceed the ozone
15 levels. And they really are an effort to
16 have people reduce activities or change
17 behaviors so that we can keep the ozone
18 levels in attainment. But what the staff
19 in air quality has done is gone above and
20 beyond that, and now they are offering to
21 the public health advisories, relative to
22 ozone in particulate matter. And it is
23 designed to assist the most sensitive
24 people in the population.

25 And they ve developed some really

1 unique things. They've set up a website.
2 We have some geographical information, we
3 have some graphics that are available.
4 This is a page from the website that
5 provides information based on real time.
6 This is based on actual information that
7 demonstrates that they have exceeded the
8 standard for ozone or particular matter
9 that will impact those sensitive people in
10 a particular area of the state.

11 And this is a true benefit to the
12 citizens. We have done some great outreach
13 with advertisements, like this one with the
14 canary, and we have done 158 publications
15 across the state in county newspapers and
16 city newspapers. We have gotten the word
17 out about our website and how you can sign
18 up to get notices on these health
19 advisories. And this has just been an
20 outstanding effort by the Air Quality
21 Division.

22 Again, this is not a regulatory
23 requirement, this is something that they
24 did to help and to benefit the citizens of
25 the State of Oklahoma.

1 Another example is in the drinking
2 water program. We have a regulatory
3 wellhead protection program that is
4 encouraged by EPA and there is funding
5 through the federal government to help
6 communities understand what they need to do
7 to protect their wellheads and it s
8 critical, because water resources, as you
9 know, are very limited. And so to protect
10 these wellheads, through various education
11 programs, has been an ongoing effort by our
12 field staff.

13 But what they did to go above and
14 beyond that, is they developed a Wellhead
15 Bulletin and it s a guidance document that
16 they keep in front of the communities.
17 Because what often happens is you go out
18 and you educate and you help the staff in
19 the field but then there is no follow-up.
20 So they came up with a method for providing
21 that follow-up. And this provides current
22 information and pertinent information with
23 a catchy little icon or mascot, if you
24 want. We still haven t named it. Steve has
25 vetoed every name that they ve come up

1 with. But they re working on that and it s
2 really been helpful and we ve gotten a lot
3 of good response to this effort.

4 MR. THOMPSON: Particularly, the
5 one where they said Steve is a drip.

6 MR. KENNAMER: And you know, I
7 think it points out, in this light, why we
8 care about wellhead protection and why it s
9 so important and why this effort to go
10 above and beyond is incredibly important.
11 This is -- one percent is suitable for
12 drinking, of all the water. So this is why
13 it s very, very important to do these kinds
14 of things.

15 One of the things we ve done
16 internally is centralize records. When I
17 was the Deputy General Counsel one of our
18 individual staff members came to me and
19 said, you re in charge of record
20 disposition, so what are you doing about
21 centralizing records? And I said, well,
22 nothing because that doesn t have to do
23 anything with disposition. We have to
24 follow the Department of Libraries
25 requirements for how we handle records and

1 how we dispose of records. Well, she said
2 this would be a really good idea to
3 centralize records because we have people
4 coming in this building all the time, they
5 have one facility that they re looking at,
6 they have to go to five different floors to
7 find records and they spend several days
8 getting the records that they need to
9 address this facility.

10 So we approached Steve about this
11 idea and he gave it 100 percent support and
12 we launched it. Now we have a centralized
13 area in the Agency, that s specifically for
14 handling records. And it has provided us
15 with better customer service, it has
16 provided us with more space and it has
17 streamlined the way we handle records. And
18 we are not stopping there, we are now going
19 to image records and that effort is
20 underway and we think we will have even
21 better response to the public, in terms of
22 getting records out the door and, also, it
23 will help us with space.

24 But to give you an idea of what we
25 deal with, we have over 800 records

1 requests every month. And those are from
2 individuals in the Agency and then from
3 individuals outside the Agency and from
4 Courts requesting records as part of a
5 records request. There is just a huge
6 volume of records that go in and out of the
7 Agency. And so this has been a tremendous
8 effort, tremendous change, and it s really
9 benefitted the public and we ve gotten a
10 lot of good positive feedback on this
11 effort.

12 One of the things that the DEQ staff
13 is really notable for is their efforts,
14 nationally. We get involved on a national
15 basis, from staff level all the way up.
16 And Steve Thompson, for example, has served
17 nationally as the President of the
18 Environmental Commissioners of Estates. We
19 have directors that are serving nationally
20 as presidents of organizations. Eddie is
21 right now President of the Air Quality
22 National Organization. We have Judy Duncan
23 who is involved heavily in NELAC.

24 So, throughout the Agency we get
25 involved nationally and what does that do

1 for us? That gives a small state like
2 Oklahoma a big voice. And Jerry Johnston
3 can attest to this, when you get involved
4 with these organizations, you can get at
5 the forefront and you can shape policy.

6 Steve Thompson shaped policy
7 nationally, on the national framework
8 effort which is how EPA conducts its
9 enforcement efforts across the country. He
10 asked for a consistent effort and it has
11 changed the whole complexion of the way EPA
12 looks at enforcement and the way they look
13 at the State s Programs.

14 This one, that I m showing on the
15 screen, is an award that we got in Water
16 Quality in the public water supply side
17 where Mike Harrell, who is the section
18 manager for that unit, has been involved in
19 the effort to get data into EPA. It is
20 modernizing the way we input data. And
21 then they can use that data to properly
22 address the way we look at public water
23 supplies and what is important for the
24 regulation of public water supplies. So
25 it s a lot -- it s great kudos to Mike

1 Harrell and Jon Craig and his staff.

2 There is an old African proverb, the
3 Togo Tribe, and they say that dirty water
4 can't be washed. And that is so true.
5 This is a slide of a storm water event
6 where the storm water control mechanisms
7 have failed and the sediments are flowing
8 directly into the stream.

9 Most of you are familiar, I think,
10 with our discussions about TMDLs, Total
11 Maximum Daily Loads, which is a federal
12 regulatory effort that requires the states
13 to assess the water bodies to determine how
14 much load those streams can actually have.
15 And you have to look at point source
16 discharges and non-point source discharges.

17 Unfortunately, for non-point source
18 discharges, there's no regulatory teeth.
19 And so you have to be very creative about
20 what you do with non-point sources.

21 Well, the Water Quality Division,
22 along with the Conservation Commission and
23 some other state organizations, recently
24 said, why don't we do something different,
25 why don't we think outside the box and

1 approach this in a different manner. And
2 they did. And they looked at the non-point
3 source problem, but not only did they look
4 at that problem, they came up with
5 solutions on how to mitigate the damage
6 from non-point source. They found lots of
7 money, they found methods for controlling
8 sediments, they found methods for
9 controlling agriculture runoff. And so
10 they looked at the total picture and EPA
11 was so impressed, it was one of the six
12 watershed programs in the country to win an
13 award. So Jon Craig and his staff deserve
14 a real round of applause for that.

15 Our Customer Service Division, you
16 all may be very familiar with. They are
17 set up by Statute and required by Statute
18 to provide customer services to the people
19 that we regulate. And they provide
20 regulatory assistance, compliance
21 assistance, and pollution prevention
22 assistance. But what the Customer Services
23 Division is, that you may not know about,
24 is that they re recognized nationally for
25 their program. They are a true assistance

1 program to not only the citizens of the
2 state, but to the regulated entities. And
3 Judy Duncan and her shop do an excellent
4 job of getting out there and assisting
5 people in coming into compliance.

6 This slide reflects a dry cleaner
7 that came to our attention, through a
8 legislature, who said that they were using
9 innovative processes in their dry cleaning
10 operation.

11 And so we went out and we assisted
12 this dry cleaner in getting what they
13 needed to obtain to get tax relief because
14 they are doing a good job. They replaced
15 how they operated, with a new method for
16 dry cleaning, that made tremendous
17 improvements to the environment. And they
18 received \$20,000 in tax credits.

19 Today we've issued over \$700,000 in
20 tax credits. This is because, in Oklahoma
21 our staff actually goes out and helps
22 people. They don't rely on industry to do
23 that job, they really go out and educate
24 and they're proactive in getting out there
25 and helping people.

1 You may be familiar with the Skirvin
2 Hotel in Oklahoma City. It has sat in
3 disrepair since 1989. My wife, and I, went
4 to the last New Year s party at the Skirvin
5 in '88 and it was a tremendous hotel, even
6 then. And it was a real shame when it
7 closed its doors. And Oklahoma City has
8 looked for investors and they ve had
9 investors fall through, and the City ended
10 up buying the property because they felt
11 like it was necessary to restore it.

12 It was built by an oil man,
13 W. Skirvin and it is designed by the same
14 architect that designed the State Capitol.
15 It s got some of the most unique
16 architecture, inside, that you ve ever seen
17 and it is truly one of the last grand
18 hotels in the country.

19 But this is what it looked like very
20 recently. And we got involved because of
21 the numerous environmental issues, which
22 were a roadblock to redeveloping this
23 property. It had asbestos, it had lead
24 paint, it had mercury thermostats, it had
25 PCB issues and it had bird droppings that

1 carried one of the respiratory flus that s
2 a very serious issue.

3 So what we did was we were able to
4 approach the City and assist them pro-
5 actively in coming up with very sound
6 environmental solutions but also coming up
7 with money to address those solutions. And
8 we were able to get them a \$780,000 loan
9 from the Brownsfield Cleanup Program to
10 help defray some of the cost of restoring
11 the Skirvin Hotel.

12 It is going to be opened in 2007 and
13 we are very far along on that project and
14 it has really been a joint effort by all of
15 the citizens of Oklahoma City and the DEQ.

16 Another thing that our Land
17 Protection Program did, and a credit to
18 Scott Thompson and his group, is again
19 thinking outside of what you usually do
20 when you approach a regulatory issue. And
21 we re bound by regulations and we re
22 inclined as regulators to just come out and
23 take enforcement. But what we did here was
24 take a novel approach and look at this once
25 again from what Steve is always saying,

1 solve the problem. And so we did solve the
2 problem and we came up with a couple of
3 really sound ideas.

4 One, was to address the utility
5 corridors so that the utility companies
6 could come in and do the work that they
7 needed to do without contamination issues
8 arising again out at the facility. So we
9 cleaned these corridors where utilities
10 will be laid so that anytime utility work
11 had to be done, it could be done at the
12 site.

13 And the other thing is that we found
14 a source of funding to the federal
15 government to help clean this up. And so a
16 lot of work has been done out there. And a
17 lot of assistance by the DEQ and a lot of
18 assistance by individual staff members.
19 And it is, as you can see in these slides,
20 it was a tremendous effort and it was a
21 big, big job. It is now the Sheraton Lease
22 Industrial Complex and we re happy to say
23 that it now has a tenant that manufactures
24 the frames for Honda and Harley-Davidson
25 and they re expecting more tenants in the

1 area. So it s not only advantageous to the
2 environment but it also is an economic
3 advantage.

4 MR. THOMPSON: They make the --
5 has anybody seen the show about Orange
6 County Choppers that s on the Discovery
7 Channel? They make the frame -- this
8 facility in Henryetta makes the frames for
9 the custom motorcycles that Orange County
10 Choppers has.

11 MR. KENNAMER: As an Agency, our
12 staff is constantly volunteering to help
13 improve the environment and there is
14 activities all over the state occurring and
15 our staff volunteers on a regular basis.
16 And one of the promotional efforts that
17 we re involved in is this Woody Guthrie
18 festival. And the initial festival left
19 tremendous amounts of waste all over the
20 area. And we have, through our efforts,
21 improved what happens. And these are all
22 volunteers from the DEQ that go and assist
23 in this festival. And now 50 percent of
24 all the waste generated are recycled at
25 this facility -- or at this festival. So

1 it s a tremendous improvement.

2 I guess the last thing I m going to
3 talk to you about is how DEQ employees rate
4 the Agency. And I thought this would be of
5 interest because when we have an employee
6 leave us, we ask them to do an exit
7 interview. And they do also a survey that
8 provides feedback for the Agency and this
9 helps us better respond to our employees
10 and our employees needs. The employees
11 rate the overall organization, they rate
12 the management, the advancement in career
13 opportunities and they rate the morale of
14 the Agency. And we ve achieved what we
15 believe are pretty good results.

16 The most common -- these are some of
17 the most common things that have been said
18 about the Agency.

19 "It s outstanding", "pay leaves a
20 lot to be desired", "there s a need for
21 more training", and "DEQ is a great place
22 to work".

23 Well, we re not going to bury our
24 heads in the sand and we re going to
25 address these issues. And we are going to

1 -- first of all, we've been moving forward
2 on salary increases. I think in the last
3 three years we've seen more salary
4 increases than we've seen since the
5 Agency's inception. And that's largely due
6 to Steve and his effort to bring all of the
7 salaries up to be competitive with state
8 government and other surrounding states.
9 We are also instituting new training
10 programs to identify and assist our up and
11 coming folks, enabling them to get into the
12 management structure and to move forward
13 with their careers. We're also instituting
14 a training program for all employees so
15 that they can improve how they do their
16 job. And we are looking at opportunities,
17 all the time, on improving the way we
18 address employees and how they function in
19 the Agency. We're looking at ways to save
20 them money in terms of transportation and
21 other methods to make the DEQ a great place
22 to work.

23 And I really appreciate the
24 opportunity to talk about the employees at
25 the DEQ because I find them exceptional.

1 I ve had the opportunity to work in the
2 private sector and in the public sector and
3 I think this is one of the greatest staffs
4 of people, and I think they truly do try to
5 solve problems. And if anybody has dealt
6 with EPA employees, or if you ve dealt with
7 other states, you can truly say that with a
8 lot of conviction. Thank you, for the time
9 and opportunity.

10 Do you want to get back so you can
11 do the budget portion of this?

12 MR. STEVE THOMPSON: Does anybody
13 have any questions about any of this?

14 We ll go back, I guess, and then Craig is
15 going to do the budget.

16 MR. MASON: Craig, thank you for
17 your presentation and I think the best part
18 of your presentation is that you were
19 healthy and made it.

20 MR. KENNAMER: Thank you.

21 MR. MASON: Thanks for doing
22 that. We re glad you re back to help us
23 again.

24 MR. KENNAMER: Thank you.

25 MR. MASON: I think the next item

1 is your operational budget request.

2 MR. KENNAMER: Yes.

3 Mr. Chairman, Members of the Board, I m
4 happy to present the budget today. The
5 appropriations -- the total appropriations
6 from the legislature is now at \$9,500,000,
7 we are requesting an additional \$3,500,000
8 this year and we have three basic areas
9 that we are requesting appropriations for.

10 One, is the Blue Skyways Project and
11 that s an effort by the Agency to lower
12 emissions from off-road and on-road
13 engines. We will do a number of things in
14 that particular program, but I first want
15 to point out that this is a collaborative
16 effort that involves a number of states, a
17 number of State Agencies, a number of
18 Federal Agencies, the national -- I mean a
19 regional area, organization, and many local
20 governments.

21 We re asking for 2.5 Million Dollars
22 and it s going to be an incentive based
23 program that both the public and the
24 private sectors can be involved in. We are
25 asking, as a portion of that, \$100,000 to

1 be in administrative costs with the bulk of
2 it going, as past through the Agency, to
3 participants as investment dollars to help
4 eliminate some of these transport
5 emissions.

6 We are proposing, at this time, a
7 percentage of -- match from the public
8 entities at five percent and a match of 25
9 percent from private entities. What the
10 program will do is address anti-idling
11 issues from large fleet vehicles, they will
12 look at electrification of truck stops so
13 that they can power their equipment without
14 idling their trucks or buses. They will
15 look at retrofitting school buses and
16 retrofitting municipal equipment. We ll
17 look at emission control projects at
18 construction areas, agriculture reductions
19 and bio-diesel fuel use, introduction of
20 E85 fuels, the information sharing on
21 alternative fuels. We ll look at siting
22 issues for wind sources, look at developing
23 templates for ground source heat and also
24 the methane -- use of methane from -- as
25 energy from landfills.

1 I m going to pause at this time to
2 ask if there s any questions or if Steve
3 would like to discuss this particular part
4 of the budget.

5 MR. THOMPSON: The only thing I
6 would add is that we have -- I guess I d
7 add a couple of things. We re trying -- if
8 you look at the air sources in Oklahoma,
9 generally speaking, about 50 percent of the
10 emissions come from stationary sources, and
11 about 50 percent come from mobile sources;
12 trucks, cars, and off-road equipment,
13 construction equipment, those kinds of
14 things. Little bit different in Tulsa than
15 Oklahoma City, but generally about 50/50.

16 Typically, as a regulatory issue, we
17 have tried to get the reductions necessary
18 to stay in attainment from stationary
19 sources. Over the last couple of years
20 we ve tried to, for a state that remains in
21 attainment, tried to look at processes that
22 could get us emission reductions from
23 mobile sources. And so this, I think, is
24 another in that -- the next, in that
25 effort to look at ways to get to retain our

1 status as a clean-air state, through
2 incentive programs.

3 I guess that s about all I ve got.

4 MR. KENNAMER: Okay. Well, I d
5 like to point out that there is a number of
6 other states that are also involved in this
7 effort, in this particular region. We have
8 -- Minnesota is doing a similar program,
9 Texas is doing one on a very large scale,
10 and then there is another one in Arkansas.
11 And if you need any information on this, we
12 have it available through the Air Quality
13 Division. The private partner applications
14 that we currently have are Fort Hood, UPS,
15 Boone Pickins, Clean Energy Company, and
16 Grace Hill.

17 So there are some corporations
18 already interested in the program. There
19 are the following states that are involved
20 in this. Minnesota, Iowa, Nebraska,
21 Kansas, Missouri, Oklahoma, Texas,
22 Louisiana, and Arkansas work through
23 CENSARA organization to develop the
24 criteria for this program.

25 So it is something that Oklahoma

1 certainly could take a leadership role in
2 and get out on the forefront, and we don't
3 really think the 2.5 Million Dollars is
4 enough but it's what we think is going to
5 be palatable to the legislature.

6 MR. THOMPSON: Quite, frankly,
7 Eddie came to me and said, let's go get 10
8 Million Dollars. And I said, well, Eddie,
9 the first thing we got to do is not get
10 kicked out of their office.

11 So we're going to try to get 2.5
12 Million Dollars, run that as a pilot, and
13 see what affects -- what results we get
14 from that and then maybe we can go back
15 next year for some more money. I don't
16 know how far -- if we got 2.5 Million
17 Dollars -- I mean, we're talking about some
18 pretty high dollar issues here, obviously,
19 and how far we can get with that money, I
20 don't know. I think we have to -- I would
21 suggest we have to crawl a little bit
22 before we run on this budget request.

23 MR. KENNAMER: I think Eddie had
24 something to add.

25 MR. TERRILL: One thing I wanted

1 to add is, in Tulsa and Oklahoma City and
2 Lawton, we were going to be talking to --
3 we talked to Oklahoma City and we talked to
4 Tulsa, Thursday, about entering into what s
5 known as an ozone -- eight hour ozone flex
6 agreement. It s similar to what we did for
7 the one hour ozone standard and also for
8 the current eight hour standard. But this
9 is -- the current program that we re under
10 will expire at the end of this year. And
11 this is an opportunity for us to have some
12 flexibility if we violate the standard,
13 which is a possibility next summer.

14 But the difference between this
15 program that we re going to be entering
16 into if Tulsa and Oklahoma City both decide
17 that s what they want to do, and the ones
18 we ve been in in the past, is this one
19 would require verifiable, quantifiable
20 reductions in emissions. And we re hoping
21 to tie this program -- voluntary program,
22 grant program to the ozone flex agreement
23 that we ll enter into with EPA, and ODOT,
24 and several other state Agencies, as well
25 as local Agencies -- governments in

1 Oklahoma City and Tulsa, and we re hoping
2 to get our reductions from this grant
3 program. We re going to have to get it
4 from somewhere and we ve asked the
5 stationary sources to do a lot of things
6 over the years, and rather than ask them to
7 do something again as part of this program,
8 we re going to try to tie it to this "Blue
9 Skyways" initiative so that we can do some
10 voluntary things and get credit for it. We
11 don t give ourselves (inaudible), but in
12 the event we do have a violation of a
13 standard next summer in Tulsa and Oklahoma
14 City. So it s got a dual purpose actually.

15 MR. KENNAMER: Thanks, Eddie.
16 We ve also looked at the State of Texas and
17 they have a pretty broad and sophisticated
18 program and it s a hundred million dollars,
19 program so it can get pretty extensive in
20 terms of what they re looking at.

21 The next thing that we re asking for
22 is the money for analytical equipment.
23 You ve heard this before. We seem to ask
24 for this almost every budget cycle. It s
25 because the equipment that we have is aging

1 rapidly and we do not have the money to
2 replace it. So we re asking for \$400,000
3 which is about 10 percent of the total
4 dollar amount of our current equipment
5 inventory and it is critical to keep this
6 equipment up because we serve a lot of
7 laboratory needs for the state, especially
8 areas where nobody else is doing anything
9 in regard to these kinds of analytical
10 efforts.

11 We re also asking in addition to the
12 analytical equipment for \$150,000 for new
13 testing technologies. And what I m talking
14 about there is something that you may all
15 be familiar with. Recently, there s been
16 an issue about all glue toxicity. You may
17 have heard about the blue/green algae and
18 the toxic effects of that algae. And so we
19 are in a great need to be able to test for
20 that kind of toxicity and we need to be
21 paying close attention to this because it s
22 starting to occur in Oklahoma. We have
23 Kerr Lake, we have Fort Gibson and
24 Tenkiller, with toxic algae issues.

25 We also need to be able, from a

1 drinking water standpoint, need to be able
2 to test for cryptosporidium and geardium.
3 And we need to be looking at human
4 byproduct issues, like antibiotics and
5 estrogen, that occurs primarily in septic
6 tank discharges, but also in wastewater
7 issues.

8 And then we have perchlorates
9 occurring in the state now from rocket fuel
10 -- military areas, and we have synthetic
11 carbons, which you may be familiar with in
12 the form of Roundup. A constituent of the
13 Roundup product produces a synthetic
14 organic carbon that gets into the drinking
15 water supply.

16 And, currently, we have very limited
17 resources for testing for those. The State
18 lab would be the only available lab at this
19 time to test for those kinds of materials.
20 So we re looking for -- or those kinds of
21 things. So we re looking for an additional
22 \$150,000 to be able to get up to speed with
23 that effort.

24 And I ll take any questions at this
25 time. Yes?

1 MS. SAVAGE: Well, apparently
2 Florida s gotten on the (inaudible) for the
3 mainstream of discussion and we re
4 concerned about it. Have they established
5 standards at a federal level?

6 MR. KENNAMER: No, there are no
7 standards at the federal level. I know
8 that some states have established
9 standards, like Massachusetts, but right
10 now the federal government has not provided
11 any guidance on how to address
12 perchlorides.

13 MS. SAVAGE: How extensive -- I
14 don t think we have -- the State of
15 Oklahoma has extensive exposure, or do we
16 have more than I think?

17 MR. KENNAMER: No. The only
18 issue that I know of is a former military
19 installation where we have found some in an
20 impoundment because they were using that --
21 or storing that product on site. But
22 that s really the only time that I ve seen
23 it or heard of it.

24 Judy, do you know of any issues in
25 the --

1 MS. DUNCAN: No. But then on the
2 other hand there s a lot of places that we
3 haven t looked because we don t have the
4 capability to monitor extensively.

5 MR. THOMPSON: I know that
6 (inaudible) begins to show up -- I don t
7 know, I think they were beginning to show
8 up in, oh, just south of the southwest
9 corner of Oklahoma and Texas. I don t know
10 how to describe that but there was some
11 issue there and there was some discussion
12 that those (inaudible) might be naturally
13 occurring. I don t know how extensive the
14 work that s been done down there on that.
15 But there s that one site over at Pryor and
16 maybe some indications of some perchloride
17 activity just across the border into Texas.

18 MS. ROSE: Craig, this \$150,000
19 seems to be a rather conservative figure.
20 When you consider estrogen, antibiotics,
21 and those kinds of pollutants, and is there
22 any federal standard there? Is there any
23 work being done in this area?

24 MR. KENNAMER: I ll have to rely
25 on Judy for that.

1 MS. DUNCAN: Well, with regard to
2 human byproducts in natural waters, there
3 aren't standards at the present time.
4 Those things are beginning to be things
5 that are considered for requirements -- as
6 monitoring requirements for streams and
7 things of that nature. And with regard to
8 the \$150,000, that is a conservative figure
9 but what we're asking for is an increase to
10 our annual appropriation. And so if we had
11 \$150,000 that was an every year part of the
12 appropriation, rather than one-time money,
13 that would allow us to address these things
14 as they come up and as we go along. And so
15 we wouldn't be addressing them all at one
16 time but we would be adding that as we had,
17 as -- we would have the ability to increase
18 our capabilities, routinely.

19 MR. THOMPSON: I suspect that,
20 unless we get a lot of rain and the weather
21 cools off by next summer, this alpha-toxin
22 is going to be pretty high on our priority
23 list.

24 MS. DUNCAN: The alpha-toxin
25 issue seems to be the one which is going to

1 be before us most quickly, I agree. And
2 with working with a (inaudible), actually
3 DEQ has formed a workgroup that involves
4 other state Agencies to develop a plan for
5 how to address issues of blue/green algae
6 blooms and the possibility of alpha-toxin
7 that may possibly get into drinking water
8 supplies. And that group is working up two
9 different things. They re working up a
10 plan for how to make the public more aware
11 of the dangers of algae blooms and alpha
12 toxins and then secondly they re developing
13 contingency plans for public water supplies
14 to use to address those issues, should
15 there be blue/green algae blooms in public
16 water supply reservoirs.

17 MR. JOHNSTON: Can I go back to -
18 - I m excited about the Blue Skyways
19 because this is the only way we re going to
20 make these things work is through
21 collaborative efforts with the states,
22 federal Agencies, private corporations,
23 counties, countries -- the government, I
24 guess that includes us, but the government
25 level that I have more trouble with is the

1 EPA level, haven't really come up with a
2 plan to make a lot of things work and this
3 is the only way that we're going to make
4 things work is if we all get together and
5 use private money and our money and other
6 money. So I'm kind of excited about the
7 Blue Skyways funding.

8 MR. THOMPSON: I think there's --
9 I guess, I always, look at the salability
10 of issues to the legislature and sort of
11 the constituent groups you can bring to
12 (inaudible). And when you start talking
13 about E-85 I think you begin to peak the
14 interest of agricultural groups. I think
15 when you talk about reductions from the
16 mobile sources, you begin to peak the
17 interest of industrial groups.

18 So I think it's -- it seems to me to
19 be a pretty saleable kind of issue. We'll
20 see. I guess we'll find out when the
21 Legislature comes into session and we
22 propose this. But it seems it's the kind
23 of thing they might like.

24 MR. KENNAMER: I'm going to move
25 away now from the analytical needs to the

1 mercury monitoring. And we re requesting
2 \$100,000 for monitoring mercury. EPA is
3 proposing guidance for the mercury levels
4 in fish flesh. We don t exactly understand
5 how they re going to determine what those
6 levels will be but that never seems to be a
7 problem with EPA in terms of what they
8 actually come out with. But to get pro-
9 active with this, we recognize that the
10 current monitoring in the state isn t
11 adequate and that we need to expand the
12 universe of our monitoring.

13 Mercury has significant toxic
14 affects to the central nervous system and
15 to the renal systems. It is also something
16 that you get exposure to from fish
17 consumption, typically the large mouth bass
18 or the predator fish.

19 So we would like to expand what we
20 do in this state to more reservoirs or
21 streams. That studying we estimate will be
22 around \$100,000.

23 Mercury is a very tricky issue
24 because of the way it accumulates in the
25 fish flesh. It is not really the amount of

1 mercury that s present but how it -- bio-
2 availability of that mercury, how it
3 accumulates. And so there s going to be
4 more studies that are necessary but we are
5 going to proceed with these monitoring
6 efforts and try to also, as Jerry pointed
7 out, to collaborate with other states where
8 we have bordering reservoirs to study the
9 fish flesh.

10 If there s any questions, I ll take
11 that at this time.

12 MS. GALVIN: Are there any -- I
13 did read this and I know a lot of the
14 mercury is atmospheric, but are there any
15 known sources, which, of course, I don t
16 want any company names but are there
17 problem areas in the state of Oklahoma that
18 has a particular issue with mercury?

19 MR. KENNAMER: Well, there is
20 some particular locations that we have
21 found accumulations of mercury in fish
22 flesh and it seems to be tied to some
23 degree to power facilities -- coal-powered
24 facilities. Judy can probably point to
25 some of the areas but our testing has been

1 somewhat limited.

2 MS. DUNCAN: Yes, the reservoirs
3 in the eastern portion of the state tend to
4 have higher levels of mercury in fish than
5 those in the west. That could be due to
6 the location of power companies. There s
7 really nothing that ties it to it directly.
8 It could just be that the water chemistry
9 tends to make what mercury is there more
10 (inaudible)-available. And we haven t
11 really found any hot spots, as such that
12 are associated with specific sources. But.
13 again, our current program only includes
14 about 55 of the largest reservoirs in the
15 state, we really need to be looking at --
16 we figured if we looked at reservoirs 200
17 acres or greater that we need to look at
18 another 70 reservoirs and we re not looking
19 at all at stream samples, fish from
20 streams.

21 I think we ve talked with you within
22 the last couple of years about what we re
23 trying to do with mercury and how we
24 changed our mercury advisory level. We
25 were able to get the equipment, we can more

1 efficiently test for mercury in fish now.
2 Our biggest need is just to be able to
3 expand our monitoring network to look more
4 closely and to be able to make site-
5 specific recommendations. Right now we
6 just have a general mercury advisory, we d
7 like to have the data that would allow us
8 to make site-specific recommendations about
9 mercury.

10 MR. THOMPSON: I think the hot
11 spot debate rages back and forth in the
12 country. One day you are advised that
13 there s some reasonable assumption about
14 hot spots and the next day it changes back.
15 I think, generally, burning coal is the
16 cause but even at the international level,
17 the depth of the amount of mercury
18 emissions overseas are greater than what
19 they are in this country and how those are
20 carried on wind patterns remains -- they ll
21 debate -- they ll continue to debate that,
22 I suppose, for a while.

23 MR. TERRILL: There s also a
24 couple of other issues here. We ve got two
25 mercury deposition sites, one is up and

1 running and the other will be soon. There
2 are two tribal sites. We ll have four
3 sites here in Oklahoma where we ll be
4 monitoring mercury depositions.

5 And another thing we kind of need to
6 get out in front of is, TXU, and Texas
7 Utility is proposing 15 new units to be
8 built in the eastern part of the state.
9 And they are going to be burning lignite
10 coal. And lignite is supposedly more
11 susceptible to creating a hot spot issue
12 and they re just close enough to where we
13 might get a little drift across our side of
14 the Red River. So we need to get a handle
15 on what s out there now so we can get a
16 baseline established if we do get those
17 units built. And I really believe they
18 will build them. There s (inaudible) and
19 there s several reasons why they want to
20 get that done and they ve been pretty
21 adamant they are going to build all of
22 them.

23 MR. THOMPSON: It s mostly,
24 Eddie, in east Texas?

25 MR. TERRILL: Yes.

1 MR. THOMPSON: And where you find
2 biocumulation is in clear lakes, as I
3 understand it, which would be in eastern
4 Oklahoma, so you combine those two issues
5 and it is --

6 MS. DUNCAN: Well, you know, the
7 water chemistry of the lakes in Oklahoma,
8 some of the -- particularly south eastern
9 lakes have less alkalinity so they may have
10 higher ph -- or lower ph s at certain
11 levels that might make the mercury more
12 bio-available.

13 The problem with predicting things
14 just like this is there s too many
15 variables that we don t completely
16 understand. So about the only -- at this
17 point, the best approach seems to be to
18 look to see if the mercury is accumulating
19 in the fish rather than try to figure out
20 why it is there or where it s coming from,
21 exactly. So deal, on a global scale, with
22 controlling emissions but then look at
23 where the mercury is actually accumulating
24 in fish and deal on a site-specific scale
25 with advisories in that area while you work

1 to reduce emissions.

2 MR. KENNAMER: Okay, at this time
3 if there s no more questions I d like to
4 request the Board approve the budget of 3.5
5 Million Dollars.

6 MR. MASON: Is there any
7 questions from the public or comments?

8 I d like to expand a little bit on
9 the background section of this first
10 paragraph. The DEQ operates on about 53
11 Million Dollars a year and what we re
12 considering today is that part from the
13 Legislature, which for fiscal year 07 they
14 were appropriating 9.5 Million Dollars.
15 And then on top of that besides the 9.5
16 they re asking for again, we ll be asking
17 for an additional 3.1 Million Dollars. And
18 that s kind of the finances -- about 20
19 percent of their budget comes from the
20 Legislature.

21 MR. THOMPSON: The increase last
22 year to our budget was -- it was about 1.3
23 Million Dollars as I recall, and about
24 \$750,000 of that, what we talked about
25 earlier, the direct pass-through assistance

1 for analytical cost for small communities
2 and the assistance program we re trying to
3 put together. The rest of it was the
4 legislative funding for salary increases,
5 which was about, David, how much? About 70
6 percent of the actual cost of the pay
7 increase; is that right? About 65 percent
8 of the actual cost of pay increase. They
9 funded the pay, but they didn t fund any
10 fringe benefits or insurance cost.

11 MR. JOHNSTON: I move we approve
12 the budget request.

13 MS. MASON: We have a Motion.

14 MS. GALVIN: Second that Motion.

15 MR. MASON: We have a second,
16 Jennifer. Is there any discussion?

17 Myrna, let s see if we like the
18 request.

19 MS. BRUCE: Ms. Cantrell.

20 MS. CANTRELL: Yes.

21 MS. BRUCE: Mr. Drake.

22 MR. DRAKE: Yes.

23 MS. BRUCE: Dr. Galvin.

24 DR. GALVIN: Yes.

25 MS. BRUCE: Mr. Griesel.

1 MR. GRIESEL: Yes.

2 MS. BRUCE: Mr. Johnston.

3 MR. JOHNSTON: Yes.

4 MS. BRUCE: Mr. Mason.

5 MR. MASON: Yes.

6 MS. BRUCE: Ms. Rose.

7 MS. ROSE: Yes.

8 MS. BRUCE: Ms. Savage.

9 MS. SAVAGE: Yes.

10 MS. BRUCE: Dr. Sublette.

11 DR. SUBLETTE: Yes.

12 MS. BRUCE: Mr. Wuerflein.

13 MR. WUERFLEIN: Yes.

14 MS. BRUCE: Motion passed.

15 MR. MASON: Thank you. Now we re

16 to Item 8, which is the Annual Performance

17 Review of the Executive Director.

18 Steve, do you have anything to

19 present before we start talking?

20 MR. THOMPSON: Actually, I ve

21 prepared something for Executive Session.

22 MR. MASON: Before we go into

23 Executive Session is there anything we need

24 -- Item A talks about discussion by the

25 Board in open session, which I guess is the

1 decision whether we go to Executive
2 Session.

3 MR. GRIESEL: I'll make a Motion.

4 MR. MASON: I have a Motion we go
5 into Executive Session by David. Is there
6 a second?

7 MR. JOHNSTON: Second that
8 Motion.

9 MR. MASON: We have a second. I
10 guess can we check, Myrna, and see if we'll
11 go into Executive Session.

12 MS. BRUCE: Ms. Cantrell.

13 MS. CANTRELL: Yes.

14 MS. BRUCE: Mr. Drake.

15 MR. DRAKE: Yes.

16 MS. BRUCE: Dr. Galvin.

17 DR. GALVIN: Yes.

18 MS. BRUCE: Mr. Griesel.

19 MR. GRIESEL: Yes.

20 MS. BRUCE: Mr. Johnston.

21 MR. JOHNSTON: Yes.

22 MS. BRUCE: Mr. Mason.

23 MR. MASON: Yes.

24 MS. BRUCE: Ms. Rose.

25 MS. ROSE: Yes.

1 MS. BRUCE: Ms. Savage.

2 MS. SAVAGE: Yes.

3 MS. BRUCE: Dr. Sublette.

4 DR. SUBLETTE: Yes.

5 MS. BRUCE: Mr. Wuerflein.

6 MR. WUERFLEIN: Yes.

7 MR. MASON: Great. So we re
8 going to go into Executive Session.

9 Item B2 says we need to appoint
10 somebody in open session to keep some notes
11 for us. Is there somebody on the Board
12 that wants to just kind of keep some
13 general notes?

14 MR. THOMPSON: Very general.

15 MR. MASON: Very general.

16 MS. CANTRELL: I ll keep notes.

17 MR. MASON: Okay. Great. All
18 right. I guess Ellen will show us where to
19 go.

20

21 (Board Members go into Executive
22 Session)

23 (Board Members come out of Executive
24 Session)

25

1 MR. MASON: I think we will
2 reconvene now. Jamie, are you ready?
3 Okay. We re going to --

4 MR. DRAKE: ... not one negative
5 in that room and thank you. I think they
6 heard it anyway because most of them know
7 I m talking about them. But there wasn t a
8 negative in that room and we are very
9 fortunate to have the staff that we have
10 and we are very fortunate to have as our
11 Executive Director, Steve Thompson. And I
12 would like to move that effective October
13 1, 06 the salary of the Executive Director
14 be set at a monthly rate of \$7,826.83,
15 which equals an annual salary of \$93,922,
16 which is the maximum annual salary that the
17 Oklahoma Legislature currently allows for
18 the position.

19 I further move that the new salary
20 remain effective until changed either
21 directed by the Legislature or by
22 subsequent action by this Board as may be
23 allowed by future legislation.

24 Mr. Chairman, I place that in a
25 Motion.

1 MR. JOHNSTON: Second that.

2 MR. MASON: Is there discussion
3 amongst the Board? Myrna, let s see if we
4 give him a raise.

5 MS. BRUCE: Ms. Cantrell.

6 MS. CANTRELL: Yes.

7 MS. BRUCE: Mr. Dark.

8 MR. DARK: Yes.

9 MS. BRUCE: Mr. Drake.

10 MR. DRAKE: Yes.

11 MS. BRUCE: Dr. Galvin.

12 DR. GALVIN: Yes.

13 MS. BRUCE: Mr. Griesel.

14 MR. GRIESEL: Yes.

15 MS. BRUCE: Mr. Johnston.

16 MR. JOHNSTON: Yes.

17 MS. BRUCE: Mr. Mason.

18 MR. MASON: Yes.

19 MS. BRUCE: Ms. Rose.

20 MS. ROSE: Yes.

21 MS. BRUCE: Ms. Savage.

22 MS. SAVAGE: Yes.

23 MS. BRUCE: Dr. Sublette.

24 DR. SUBLETTE: Yes.

25 MS. BRUCE: Mr. Wuerflein.

1 MR. WUERFLEIN: Yes.

2 MS. BRUCE: Steve does get a
3 raise.

4 MR. MASON: Good.

5 MR. THOMPSON: Thank you,
6 everybody, very much.

7 MR. MASON: And Steve, I think
8 what Bob said was accurate about the
9 respect that, both you, and your Agency
10 enjoy within the state and out of the
11 state. We appreciate you.

12 MR. THOMPSON: I appreciate that.
13 I will tell you that you guys know the
14 staff, you know their experience and their
15 maturity, you know how fortunate we are in
16 the state to have the quality of leadership
17 other than me. They make my job pretty
18 easy. I appreciate the comments about the
19 staff because they truly are a great group
20 to work with. Thank you very much.

21 MR. MASON: Item 9 is next year,
22 which is a yellow sheet that s been passed
23 out to us. We need to decide if we want to
24 schedule three or four Board Meetings and
25 where we want to meet.

1 Yeah, Steve, go ahead.

2 MR. THOMPSON: In talking about
3 this, we would like to recommend that at
4 least one of the Board Meetings for next
5 year be held at Guthrie since it s our
6 Centennial year. We thought it would be
7 appropriate to meet at our first capitol --
8 the city where our first capitol was
9 located. I think one of the -- we had
10 scheduled the June meeting, which was not
11 held, for Weatherford, and so we would
12 recommend to you that the other Board
13 meeting be held in Weatherford, and as the
14 alternate for the -- if we should need four
15 Board meetings, it s been a while since
16 we ve been to Ada, and so those are our
17 three recommendations for the Board s
18 consideration.

19 MR. JOHNSTON: (Inaudible).

20 MR. THOMPSON: One might think
21 the 14th or the 15th, which is very near
22 statehood day, might be -- Guthrie might be
23 a little bit busy. I think the statehood
24 day is the 16th. So we might recommend
25 Guthrie in August, unless you want to fight

1 the crowds. And then maybe Weatherford in
2 November of next year, and then as the
3 alternate for June, Ada. That gives us
4 some distribution around the state.

5 MR. MASON: I guess the
6 discussion is, do you want to be in Guthrie
7 in August or November?

8 (Inaudible conversations)

9 MR. MASON: All right. Where do
10 we want to go in November?

11 MS. SAVAGE: Is there a
12 compelling reason for Weatherford? I mean
13 is there a reason like (inaudible)? I just
14 remember we went there a few years ago.

15 UNIDENTIFIED MALE: The only
16 reason we recommended Weatherford is
17 because we ditched them last June.

18 MR. MASON: But I m not sure if
19 they d call to complain.

20 MR. THOMPSON: I think they have,
21 as a matter of fact.

22 MR. GIVENS: I stand to be
23 corrected, but I believe that the reason
24 that we were trying to accommodate
25 Weatherford was one of the Council Members

1 from, I want to say the Water Quality
2 Council, had specifically asked us to come
3 back out, he was going to try to work that
4 in where his students could be part of the
5 meeting. So I think that s why we were
6 going back to Weatherford sooner than we
7 might have otherwise.

8 MR. THOMPSON: Jeffrey Short
9 that s on the Water Quality Council always
10 brings his students -- I mean tries to
11 bring his students.

12 MS. CANTRELL: (Inaudible).

13 MR. MASON: Jimmy, do we have to
14 vote or can we just assign it?

15 MR. GIVENS: (Inaudible).

16 MR. MASON: Okay.

17 MR. GIVENS: The safer way is to
18 vote.

19 MR. MASON: We re going to vote.
20 So, Brita, what dates -- what towns have
21 you assigned in your Motion?

22 MS. CANTRELL: My Motion is
23 February 23rd in Oklahoma City, at the DEQ;
24 August 21st in Guthrie; November 14th or
25 15th, in Weatherford; and then as a fourth

1 alternative should we need it, June 19th in
2 Ada.

3 MR. MASON: Is there any
4 discussion? Myrna, may we vote.

5 MS. BRUCE: Ms. Cantrell.

6 MS. CANTRELL: Yes.

7 MS. BRUCE: Mr. Dark.

8 MR. DARK: Yes.

9 MS. BRUCE: Mr. Drake.

10 MR. DRAKE: Yes.

11 MS. BRUCE: Dr. Galvin.

12 DR. GALVIN: Yes.

13 MS. BRUCE: Mr. Griesel.

14 MR. GRIESEL: Yes.

15 MS. BRUCE: Mr. Johnston.

16 MR. JOHNSTON: Yes.

17 MS. BRUCE: Mr. Mason.

18 MR. MASON: Yes.

19 MS. BRUCE: Ms. Rose.

20 MS. ROSE: Yes.

21 MS. BRUCE: Ms. Savage.

22 MS. SAVAGE: Yes.

23 MS. BRUCE: Dr. Sublette.

24 DR. SUBLETTE: Yes.

25 MS. BRUCE: Mr. Wuerflein.

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MR. WUERFLEIN: Yes.

MS. BRUCE: Motion approved.

(End of Proceedings)

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C E R T I F I C A T E

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

I, CHRISTY A. MYERS, Certified
Shorthand Reporter in and for the State of
Oklahoma, do hereby certify that the above
proceedings is the truth, the whole truth,
and nothing but the truth; that the
foregoing proceedings was taken down in
shorthand by me and transcribed under my
direction; that said proceedings were
take on the 22th day of August, 2006, at
Ardmore, Oklahoma; and that I am neither
attorney for nor relative of any of said
parties, nor otherwise interested in said
action.

IN WITNESS WHEREOF, I have hereunto
set my hand and official seal on this, the
25th day of September, 2006.

CHRISTY A. MYERS, C.S.R.
Certificate No. 00310