

Business Roundtable Meeting Notes

Attendees: M. Adlemen, N. Amper, J. Boehnert, A. Cantara, D. Carlin, J. Chambers, M. Dentor, P. Dowling, L. Ernst, G. Ezovski, J. Fornaro, R. Gallagher, B. Hayden, M. Hillfinger, R. Hittinger, P. LeBaron, J. Marischal, J. Meyer, K. O'Connor, K. Polselli, A. Willoughby, A. Yatsko

DEM: T. Bisson, R. Gagnon, T. Getz, A. Good, T. Gray, L. Hellested, A. Liberti, S. Majkut, G. McAvoy, F. Vincent

II. Old Business

Review of August Meeting Notes

The August meeting notes were accepted as written.

a. Budget Update

The Director indicated that the budget is still a confidential document, but he was able to provide the following information:

- DEM was requested to develop a budget that represented a 10% cut in funds. With respect to budget cuts, the Bureaus were requested to prioritize the programs with respect to DEM's core functions. Bureaus were asked to see if program functions could be merged, consolidated or reduced to meet the proposed reductions.
- This was a hard task since it followed a number of years of budget reductions.
- The existing budget called for a reduction of about 12 positions, of which 10.6 are existing and filled.
- DEM's goal is to minimize the reduction further and has received approval from the Governor's Office to explore revenue enhancement measures and sale of state property.
- The Governor would make a final decision on DEM's proposal in January.
- DEM was approved to move forward with two bond issues, i.e., an open space and recreation bond issue for \$55M and a Bay Restoration bond for \$15M.

Gary Ezovski mentioned that according to Governing Magazine, Rhode Island ranks 46th in the US in collecting revenues from fees. He did not suggest that fees should be raised and indicated the state needs to improve efforts to control the costs of government. He did mention that this source also indicated that Rhode Island ranked low in spending on Environmental programs.

b. RISEP update on revisions to the Marginal Risk Policy

At the last meeting there was discussion on expansion of the Marginal Risk Policy. Implementation of this policy streamlines the way DEM reviews projects that do not pose significant environmental or human health risks. The proposed policy encourages the removal of waste material and sets information requirements for the Site Investigation Report and presumptive remedies that should be used at the site. Applications that adequately address these requirements will be reviewed by DEM within 42 days. It was thought the use of the policy has been limited because the policy was too restrictive. Rich Hittinger has formed a committee to work on this issue and will report back at the next meeting on their progress.

II. New Business

a. DEM Updates

Site Remediation regulation changes, including arsenic

Leo Hellested provided the group with an update on the site remediation regulations. The primary topic of the revisions was arsenic levels used for site remediation. He indicated that the Office of Waste Management noticed a hearing on July 28, 2003. The Office is reviewing comments and anticipates the review will be finished in January. He anticipates the regulations will be filed in late January.

Underground Storage Tank (UST) regulation (Ron Gagnon)

Ron Gagnon briefed the group on the development of an Underground Storage Tank Environmental Results (ERP) Program using a stakeholder process. The meeting stage of the process is drawing to a close. The purpose of the ERP program is to allow facilities to self-certify their regulatory requirements. DEM is required to inspect these sources every two years. Due to existing personnel levels these facilities are inspected once every six years. Ron made the following points:

- He is working with EPA and a stakeholder group to develop a facility checklist to determine their compliance status. The checklist is being field-tested.
- A workbook was also developed and is being reviewed to ensure it is written in non-bureaucratic “simple English”.
- An additional meeting is being scheduled to work on some issues concerning the certification statement. In some cases the facility owner does not own the tanks and the certification statement needs to be changed to address this issue.
- He would like to incorporate Stage I and II vapor recovery compliance certification to the ERP program.
- A training package is being developed. EPA still has some funding available to prepare this material. This will be a four-hour training course with three hours for EPA issues and one hour for DEM issues.
- By inspecting ten facilities a baseline level of compliance will be determined.

At the end of the presentation, Gary Ezovski indicated he has attended some of the stakeholder meetings and thought DEM was doing a great job in meeting with a diverse group of people.

Air Toxics regulation (Steve Majkut)

The Office of Air Resources used a stakeholder process to revise its air toxics regulation. Amendments to that regulation were proposed last year, along with changes to the requirements for dry cleaning operations. At the request of commenters, DEM convened a stakeholders group that met several times in 2003 to discuss the proposed revisions. The November 2003 proposal incorporated many of the recommendations made by that group. The main changes from the amendments proposed in 2002 include:

- Applicability thresholds will be triggered by the amount of a toxic substance emitted from a facility rather than the amount used by the facility.
- Applicability thresholds in pounds per hour and pounds per day were dropped. Thresholds are now expressed only in pounds per year. This change results in simplified record keeping and reporting requirements.
- Fuel burning sources that are not major sources of air pollution will be exempted from the regulation. Major source fuel burning sources will be exempted from Air Toxics Operating Permit requirements for five years.
- Asbestos and lead abatement projects regulated by the Department of Health and other DEM rules will be exempted from the regulation, along with sodium hydroxide emissions from air pollution control equipment like caustic scrubbers.

The comment period will remain open until December 11th. The program anticipated the regulation would be finalized by mid February 2004.

Personnel changes

Gary Ezovski started the discussion on this topic. He thought it was important for DEM to assign decision-makers into each of the programs. This could reduce bottlenecks in the decision making process. In addition he thought it would be useful if DEM could indicate any major changes in personnel that have recently occurred. The acting Director mentioned turnover rate in personnel is in the 2 to 3 % range. Due to the tight budget, DEM prioritizes its filling of vacancies. At this point the priorities are in the core program area, i.e. enforcement and permitting.

Leo Hellested mentioned that his program works on state clean-up priorities, but also has to meet federal priorities that fund employees' salaries. When there is a need to work on federal priorities there could be problems with issuing certificate of closure letters. He thought the Brownfields program is running better now that additional staff has been added in this area.

RIPDES Update

Angelo Liberti provided the group with an update on the RIPDES Program. He made the following points:

- The legislature was interested in having EPA take back the program, but EPA is not interested in taking back program delegation. He mentioned EPA technically runs the program in Massachusetts, but the state dedicates a lot of resources to the program to make the process work.
- The Office is preparing a white paper that will discuss RIPDES program: history, delegation, track record, recent reports of program effectiveness, strengths and weaknesses and consequences of returning program delegation to EPA.
- The phase II stormwater program regulations were recently was in effect. The program impacts 31 of 32 Rhode Island communities. Some people think DEM is being more stringent than the federal program. He said that the federal program requirements are vague. In order to make the program work, DEM ended being more definitive with our program requirements and gave the appearance of being more stringent than EPA.
- A stormwater manual is being updated to reflect the recent regulation changes.

A number of questions were asked concerning the reasons to delegate the program back to EPA. DEM thought the issue was being driven by budget considerations. The major municipalities supported DEM in the legislature. The program is working on an educational process with the legislature. In addition, DEM is communicating with the municipalities to resolve their concerns.

Selection of a Permanent Director

The Acting Director updated the group on the status to select a permanent DEM director. He said there is a national search being conducted for the position. The Environmental Council of the States and the Natural Resources Leadership Council was used in this search. The process will end in early January. The Governor will ultimately make a decision on the new Director. He also indicated that the Governor's decision to accept the resignation of the previous director was not related to differences in policy.

c. Greenhouse Gas Update

Terri Bisson provided the group with a brief update on the Greenhouse Gas Process. In her update she made the following points:

- The states, especially the New England Governors / Eastern Canadian Premiers are driving the process. There is little federal presence in this program.
- Temperature rises will have an impact on regional industries like skiing and the production of maple syrup.
- In Rhode Island, the impacts will be felt on the coastline due to rising ocean levels and additional health related problems due to mosquitoes.
- RI has developed an action plan that meets the New England Governors targets. It is estimated that implementation of the plan will save the state \$700M over twenty years.
- Many states have put together Greenhouse Gas Action Plans because it makes economic sense to do so. Some major state like California, New York and New Jersey along with four of the New England states have developed these plans.
- A number of business related priority initiatives were discussed including a commercial / industrial fossil fuel initiative that is being run by the State Energy Office. This program is targeting boilers and is looking for opportunities to increase the efficiency of these units. The program allows a \$3,000 rebate on boiler replacement.
- The use of combined heat and power (CHP) systems has the benefit of reducing energy costs while reducing the emissions of green house gas emissions. CHP is a system where heat and electricity are generated sequentially from the same fuel source. When CHP generates electricity near the point of use, this concept is called distributed generation or DG. There are institutional barriers to the installation of DG and CHP systems. These include the high rates companies must pay the utilities to connect to the electrical grid. In addition, technical standards that apply to these facilities to connect to the grid do not encourage these operations. Because CHP installations result in reduced emissions, DEM is seeking the endorsement of the Rhode Island Greenhouse Gas Stakeholder Process for the Department to promulgate regulations that would streamline the process for permitting small scale CHP and DG projects. This streamlined process will encourage more of these installations.

The issue was discussed further after the presentation and the following comments were made:

- There was general support for the wise use of energy. Being more fuel-efficient saves money and has the benefit of reducing green house gasses. It was mentioned that a Canadian company saved one million dollars by eliminating steam leaks.
- The state needs to calculate energy costs of capital projects over the total life cycle of a building. Low construction costs may not address higher operating cost due to poor insulation, inefficient boilers etc.
- Concerns were raised about the Renewable Portfolio Standards goal of 20%. Energy costs will rise with the 20% requirement. Another approach would be to set the goal to 15%, review the progress in ten years and then determine what the goal should be for the next ten years.
- Concern was raised on the automotive fuel efficiency tax. People need to be educated better on this issue. The concept needs to address vehicles that drive a lot in a year. The example raised was a vehicle that was fuel efficient and was driven 50,000 miles a year may emit more green-house gasses than a vehicle that is not fuel efficient and drives 5,000 miles a year.

DEM Strategic Plan Update

Terri Bisson provided the group with a brief update on the DEM 2004 – 2005 Strategic Plan. She made the following points:

- There are no major policy shifts in the plan. This plan does reflect a re-alignment of our goals to be more compatible with EPA goals.
- The plan is more specific in the objectives and measures that DEM is trying to achieve.
- The plan identifies challenges needed to meet a 10% budget reduction. There may be a need for elimination or consolidation of programs, layoffs and facility closings.
- DEM will be seeking new bond authority for bay and watershed efforts and open space.
- Copies of the plan are located on the DEM website.
- There will be a public meeting on January 13, 2004 and comments will be accepted through January 30, 2004.

Future Meeting Topics

Two topics were recommended for the next meeting, i.e.,

Revision to the Marginal Risk Policy and

Update on the RIPDES program.

Future Meeting Dates

The schedule for 2004 will be:

February 12, May 6, September 2 and December 2