Notice of Public Meeting  The Environmental Quality Board convened for a regular meeting at 9:30 a.m. August 21, 2007 at the Oklahoma Sports Museum, 315 West Oklahoma in Guthrie, 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 November 30, 2006 and amended on July 10, 2007. The agenda was mailed to interested parties on August 8, 2007 and was posted at the meeting facility and at the Department of Environmental Quality on August 20, 2007. Dr. Jennifer Galvin, Chair, called the meeting to order. Roll call was taken and a quorum was confirmed. Mr. Richard Hendricks from the Oklahoma Sports Museum welcomed the DEQ and thanked the Agency for coming to Guthrie, the historical capitol of Oklahoma, during this Centennial year. Representative Jason Murphey also welcomed the DEQ to his district.

Approval of Minutes  Dr. Galvin delayed the approval of the minutes awaiting arrival of other members of the Board. When she called for a motion to approve the minutes of the February 23, 2007 Regular Meeting, Mr. Johnston made the motion to approve as presented and Mr. Mason made the second. Roll call as follows with motion passing.

Executive Director’s Report  Mr. Thompson asked Mr. Jimmy Givens, General Counsel, for a report on disclosure of financial interests which is required by statute. Mr. Givens reported that there were two staff members who are in a permitting or enforcement role
who have stock in companies that the DEQ may regulate. Additionally, Mr. Givens notified the Board and the public that DEQ’s permanent rules from the last year are now posted on the DEQ website. (transcript pages 11-13)

Mr. Thompson provided information regarding the operational budget request, item number five on the agenda. He answered questions regarding the Agency’s budget requests and the challenges the Agency faces relative to funding. Mr. Thompson provided handouts showing the impacts of legislative unfunded mandates. He stated that each of the Divisions will be going to their Councils with fee cases to make up for the differences. (transcript pages 14-23)

Mr. Thompson provided an update from the legislative session and discussed the bills that were of interest. (transcript pages 23-35)

Mr. Thompson showed a slide presentation and talked about the June, July, and August flood damage. He said there were many staff members who had worked on these situations, then introduced Monty Elder, Emergency Response Coordinator, Rick Austin, and Eric Braly. He gave them a public thank you for their tireless efforts working the South Coffeeville refinery spill. Mr. Thompson responded to comments. (see transcript pages 37-51)

DEQ Operational Budget Request Mr. Steve Thompson advised that the budget request for FY 2009 must be submitted to the OSF by October 1, 2007 noting that the budget request was brought before the Board after being reviewed by the Board’s Budget Committee. He discussed the funding needs and the FTE needs for each program. Following discussion, Mr. Drake moved for approval of the budget request as presented stating that the Budget Committee had done a wonderful job. Mr. Dark made the second. Roll call as follows. (transcript pages 52-72)

Brita Cantrell  Yes Jerry Johnston  Yes
Mike Cassidy  Yes Steve Mason  No
Tony Dark  Yes Richard Wuerflein  Yes
Bob Drake  Yes Jennifer Galvin  Yes

Annual Performance Review of Executive Director Dr. Galvin called for motion to go into Executive Session to discuss Mr. Thompson’s performance review. Mr. Johnston made the motion and Mr. Drake made the second. Following roll call, the Board moved to a private room. (transcript pages 72-73)

Brita Cantrell  Yes Jerry Johnston  Yes
Mike Cassidy  Yes Steve Mason  Yes
Tony Dark  Yes Richard Wuerflein  Yes
Bob Drake  Yes Jennifer Galvin  Yes

Mr. Johnston moved to reconvene the meeting and Mr. Drake made the second. (transcript pages 73-74)

Brita Cantrell  Yes Jerry Johnston  Yes
Mike Cassidy  Yes Steve Mason  Yes
Tony Dark  Yes Richard Wuerflein  Yes
Bob Drake  Yes Jennifer Galvin  Yes

Mr. Dark made a motion to set Mr. Thompson’s salary to the maximum currently allowed by the Legislature effective July 1, 2007. Mr. Drake seconded the motion adding the Board’s thanks to Steve and staff. (transcript pages 75-76)
Calendar Year 2008 Board meeting dates and locations: Following discussion, Mr. Drake made a motion to have the 2008 meetings on February 29 in Oklahoma City; August 19 in Duncan; and November 18 in Tahlequah with discretion given to Mr. Thompson and Ms. Bussert for suitable meeting room facilities switching Duncan and Tahlequah if necessary. Mr. Mason made the second. (transcript pages 77-83)

New Business  None

Adjournment  The meeting adjourned at 1:00 p.m. There were no issues for a Public Forum.
BOARD MEMBERS

JENNIFER GALVIN - CHAIR
BRITA CANTRELL - MEMBER
MIKE CASSIDY - MEMBER
TONY DARK - MEMBER
BOB DRAKE - MEMBER
JERRY JOHNSTON - MEMBER
STEVE MASON - MEMBER
RICHARD WUERFLEIN - MEMBER

STAFF MEMBERS

STEVE THOMPSON - DIRECTOR
JIMMY GIVENS - ATTORNEY
ELLEN PHILLIPS - ATTORNEY GENERAL
MYRNA BRUCE - SECRETARY
DR. GALVIN: I'd like to call the meeting to order. I'd like to thank everyone for coming. I'm Jennifer Galvin, I'm Chairman of the ODEQ Board and this is the August 21, 2007 regular meeting of the Environmental Quality Board. It's been called according to the Oklahoma Open Meeting Act, Section 311 of Title 25 of the Oklahoma Statutes. Notice was filed with the Secretary of State on November 30, 2006 and amended on July 10, 2007.

Agendas were mailed to interested parties on August 8, 2007 and posted on August 20, 2007 at this facility, 315 West Oklahoma, Guthrie, Oklahoma; and at the Department of Environmental Quality, 707 North Robinson, Oklahoma City. Only matters appearing on the posted agenda may be considered.

If this meeting is continued or reconvened, we must announce today, the date, time and place of the continued meeting and the agenda for such
continuation will remain the same as today's agenda.

With that, I would like to thank Richard Hendricks for having us here. I don't believe the Board has ever met on a ball diamond before. And I would like to ask Mr. Hendricks to come forward and tell us about this phenomenal facility.

MR. HENDRICKS: Thank you, very much. I want to just welcome you to Guthrie today, to the historical capitol of Guthrie, of Oklahoma, during this centennial year. We're really pleased to have you come and be a part of our celebration year and have the opportunity to see some of the things in Guthrie and to be a part of the Oklahoma Sports Museum.

These are historical buildings that have been renovated to host this official sports museum of central Oklahoma. If you have any questions about the museum, itself, or any other people in here, I'll be more than happy to answer them or make up a good story, one or the other, anytime today.
I will say, first of all, your organizational staff is top notch, the way they came in here and set this all up. I don't know what they're paying you, but I bet they are under paying you. But they did a great job. And I -- they have been a pleasure to work with and as you can see, they've got this place set up where you are able to see. We're just glad to have you here.

(Comment at Guthrie's Representative)

Just briefly let me tell you a little bit about our museum and then I -- I don't want to take too much of your important time, but she asked me to tell you a few things. These are historical buildings and we took over in '93 and we opened them in '96. About 30 years ago, these buildings were part of the 3 project to be restored, which never came about, they just hadn't got started on it. The area in which we're sitting, was going to be an indoor swimming pool. And when we purchased the building that was all dirt back in there and piles of dirt that came
out of the halls and right here it was full
of water and frogs and snakes and whatever.
This was a big mud hole right there.

So these buildings were pretty bad
when we first started, but we didn't have
much money. So we were able to get these
on a good deal from the historical society,
so we've taken these buildings over,
restored them to put in a museum to honor
Oklahoma athletes, to use their influence
as a positive goal for kids.

We have a program called Breaking
Barriers in Life and in Sports, that was
put out from the Jackie Robinson Foundation
made in baseball. It's a character
building program, it's also got nine
character values that need to be had to be
successful in life. We have drug-free,
tobacco-free and alcohol-free programs that
we share with them when they come here
also.

I tell young people when they come,
that all of us are not professional
athletes, but all of us can be successful
with the ability to that God has given us.
Our responsibility is to find our niche and then to take care of our bodies and to work hard and apply ourselves and we can have successful duties.

You're sitting in the area that houses the memorabilia from Oklahoma baseball players. Oklahoma, many times, is looked on as a football state and we do have some outstanding teams with some outstanding players, but number wise we've probably got more outstanding baseball players than just about any state, in the sport.

On the other level up here, is our Centennial projects. There's a Native-American display we've put together. From the very beginning, we've had a special area to honor Native-American athletes, because that's what Oklahoma is. We're Oklahoma.

The painting of Jim Thorpe there is provided by Charles Banks Wilson. It's a good picture of the painting that is of the Capital. On the inside of that wall there is a time line that's 34 feet long, that
has 100 years of sports in Oklahoma
provided in 10 decades. In the east
gallery is our Warren Spahn Award. We host
the Oklahoma Highschool Baseball Coaches
Hall of Fame. We also have batting cages
in there. and we can put you in there and
see if you can hit.

You came through our football and
basketball area. In the middle of our
football area. of course, is our area that
honors basketball players from Oklahoma.
In the west gallery is our Special
Olympics; wrestling, some ladies baseball,
our Pro Football Hall of Fame.

Again, just like to welcome you to
Guthrie. And we have available today, some
of the information about the events that
are taking place in Guthrie since this is
our Centennial celebration and we would
invite you to come back any time. We just
thank you for coming today.

DR. GALVIN: The Board was
talking -- actually Board Members were
talking last night, that we've seen lots of
posters around town and there were no dates
on those posters. Mr. Hendricks has provided for us, information about all the Centennial activities in Guthrie. So if you're interested -- there's a reason there's no dates on those posters, because there are so many dates when things are happening. He's put some of those on the back table. So please come back and enjoy Guthrie when we're not at a Board Meeting and have more time to spend with the town, in the town.

Mr. Murphy, we're really pleased to have you here today. Would you like to say a few words? There is a microphone right over there?

MR. MURPHY: I would just like to say thank you for inviting me. I appreciate the invitation. And I think the idea of rotating meetings across the state is an exceptional one. I think that really allows more people to come across and I'm so excited to see how that's done. Thank you.

DR. GALVIN: Well, I think that concludes our initial remarks and we're
ready to start the meeting. Myrna, would
you start with the roll call.

MS. BRUCE: Ms. Cantrell, absent.

Mr. Cassidy.

MR. CASSIDY: Here.

MS. BRUCE: Mr. Coffman is
absent.

MS. BRUCE: Mr. Dark.

MR. DARK: Here.

MS. BRUCE: Mr. Drake.

MR. DRAKE: Here.

MS. BRUCE: Mr. Griesel is
absent.

MS. BRUCE: Mr. Johnston.

MR. JOHNSTON: Here.

MS. BRUCE: Mr. Mason.

MR. MASON: Yes.

MS. BRUCE: Ms. Rose is absent.

MS. BRUCE: Ms. Savage is absent.

MS. BRUCE: Dr. Sublette is
absent.

MS. BRUCE: Mr. Wuerflein.

MR. WUERFLEIN: Here.

MS. BRUCE: Dr. Galvin.

DR. GALVIN: Present.
MS. BRUCE: And we do have a quorum.

DR. GALVIN: Thank you.

We do have some people that are on their way to the meeting. We're not exactly sure why they've been asked to turn off the turnpike. We're suspecting it's water related. I'm sure we don't have to discuss that very much at this point, but there were discussions about water that hit the state here, in a minute.

We're going to change up the agenda just a little bit. We'd like to move into an item that does not require any action by the Board. And at this time, I'd like to ask Steve Thompson to give us the Executive Directors Report.

MR. THOMPSON: Thank you, Madam Chair. You're going to hear a lot from me today, but the first thing that we need to do, with your permission, is to turn the meeting over to Jimmy. There's certain financial disclosures that the Agency makes to the Board each year by statute and Jimmy is going to make that presentation.
MR. GIVENS: Members of the Board, you have been around, I think, all of you, for at least one round of this report in the past, so I won't go into detail. You will -- can you hear?

(Comment about microphone)

MR. GIVENS: Can you hear?

MR. DRAKE: There.

MR. GIVENS: You will recall that we have a requirement in the Oklahoma Environmental Quality Code that employees of the Agency, who are in any sort of permitting or enforcement role, disclose to the Executive Director if they receive compensation or if they have any stock holdings in companies that the DEQ may regulate. The purpose for that is so that the Executive Director can insure that those personnel do not work in any way on companies that they might receive some benefit from. And the statute also requires that we report those as part of a Board Meeting, so that you can perform your oversight role.

This year we only have two to
report. One is an employee in the Water Quality Division, Joe Long, who has reported that he has shares of Going Energy. The only other report that we have is David Caldwell has disclosed that he has divested the shares that he had in Kerr McGee. The reason we report this to you is simply so that you can be assured that we do take this seriously. And if someone discloses that they have an interest in a company or receive compensation from a company, we issue, in written form, and make sure that the division director, the immediate supervisor and that employee know that they cannot perform any duties related to that company.

Those are the only disclosures I have this morning. One other thing I would mention, that’s a bit of a sidetrack, is some of you are interested when we update our rules on our DEQ website, and all the permanent rules from last year are now posted on our DEQ website. So you can go there for -- if you need to look at any of our rules from the past year. That's all I
have, Madam Chairman.

MR. THOMPSON: Thank you, Jimmy.

It is not typical, I think, of me to come
to you and complain about money. We come
to you with budget requests, particularly,
mandates that come to us from the federal
level, because we do understand that for
the most part mandates that come to us from
the federal level, have much greater impact
on communities, particularly small
communities, and on industry. But I think
it is important for me to report to you
today about some of the challenges the
agency is facing relative to funding.

You will find in front of you, I
hope, a couple of sheets that look
something like this. One of them is the
impacts of what we call legislative
unfunded mandates, none of which,
Representative Murphy, has had anything to
do with, I might hasten to add. But when
you consider the increase cost of the
agency for retirement, the increase cost to
the agency for insurance, the increase cost
to the agency of fringe benefits and the
unfunded portion of a mandated salary
increase, that the agency now pays its
employees, well deserved I should say. But
the cost to the agency, now, per annum, is
about $3.1 million of funding that we are
required to pay that we do not receive
legislative funding for.

There is also a sheet in front of
you that talks about the reductions in
federal funding. Something like this. And
we are projecting that at the end of fiscal
year '09, our reductions in federal core
grants will be around $1 million.

So we are facing a decrease in
income over the next few years of about a
little over $4 million. And that is at a
time when our costs are going up, just like
others are. Our estimate for the coming
year is that our motor pool cost on an
agency that obviously is traveling the
state to do its work. We think our motor
pool cost for next year is going to go up
about a quarter of a million dollars. And
that's just an example of the cost that the
agency is incurring. And that, in the face
of continuing increases in work load,
particularly, from the federal government.

I think there are a couple of
instances that we could point to where we
have been able to ward off a couple of
increases from the federal government.

There was a proposal by the U.S.
Environmental Protection Agency about -- I
guess, a year and a half ago, that the
entire cost of the NDS program, the
wastewater discharge program, be borne by
fee payers. That rule-making went forward
within EPA, Jon Craig with Swifka
(phonetic spelling), and through ECO's
brought that to the attention of the other
states, and I think more importantly
brought it to the attention of Senator
Inhoff. And while that would not have been
an increased cost to the agency itself, it
would have been an increased cost of $2.5
to $3 million to municipalities and
industries within the state. So it is, I
think, fair to say that, that rule making,
surely with Senator Inhoff's help, has
become wrong. It's my experience with the
U.S. Environmental Protection Agency that things don't die but they do, on occasion, become dormant.

Another example was that they were coming forward with three wet weather policies that, based on our calculations, would have cost us about $1.5 million to implement. We, Shelly Sharp, of Perry and David Pruett, Shelly with our Administrative Services Group, and David with Water Quality, developed the cost on that and shared it with the other states.

Now. I guess, EPA was skeptical about our cost figures, but once we shared it with other states, we got support from the state of New York, the state of Illinois, the state of Nevada and others that their cost were going to be similar to us. That too, we hope -- those policies, we hope, are also going. So we have been somewhat successful in warding off increasing cost both to the folks that pay fees in Oklahoma and our own cost.

But nonetheless, we are faced with these increasing costs. What I have
directed the division directors to do, is
to go to their Councils and make fee cases,
that's the one source of income that we
will have to make up the difference. And
the product of those fee cases will be
coming to the Board in February or not.
What we will do -- what each of the
division directors will do, is we will go
to their Council and just lay out for them
where we find ourselves, and hopefully they
will be supportive of an increase in income
that will allow the agency to continue to
function.
I guess I will pause for a moment
and see if there are any questions about
that.
MR. DARK: (Inaudible)?
MR. THOMPSON: It's about $4
million. About $3 million at the state
level and about $1 million at the federal
level. And that's at a time of increasing
cost. I don't think we'll have a good
handle on the total increases and cost
overtime, but we have some examples, like
the motor pool, where we think we're going
to bear, about a quarter of a million dollars cost greater than we did last fiscal year. So we probably, I suspect, are looking at somewhere in the neighborhood of, and this is a guess, but I suspect we're talking between $4.5 and $5 million.

MR. WUERFLEIN: Steve, I have a question.

MR. THOMPSON: Yes, sir.

MR. WUERFLEIN: Put this in relation to our total budget or our total state allocations. Is it almost doubling our state allocations?

MR. THOMPSON: Well, the budget of the agency is about $50 million now, so we're talking about 10 percent. If we're talking $5 million, we're talking 10 percent. If you're talking about the reductions at the general revenue level, we're at about 15 percent, between 15 and 20 percent of that $50 million in general revenue. So clearly, the big hit has been taken in general revenue dollars.

MR. MASON: Steve.
MR. THOMPSON: Yes.

MR. MASON: Every year we get our employees raises.

MR. THOMPSON: Yes.

MR. MASON: So every year this legislative unfunded mandate sheet is probably valid. So what's the difference this year than previously, when we gave raises?

MR. THOMPSON: Well, I should say that we do not always give -- the legislature does not, every year, increase the salaries of our employees. These are legislatively mandated. The difference this year is, that -- and it's not just the DEQ, that with every state agency, the allocations from general revenue fell far short of meeting the mandate for the salary increase.

MR. MASON: But if you go back several years ago, and presuming you gave your employees a raise without a legislative mandate, how did you pay for it back then?

MR. THOMPSON: Generally, we paid
for it -- there was a couple of ways we paid for it. We paid for it through fees and we paid for it through penalty money. So that's, generally, the way we've paid for increases in salary. It is not typical of the agency to increase salaries -- base salaries, which is typical of the agency when we find that we can give a one year stipend to employees. We have done that a couple of times, get a check for a certain amount of money without increasing the base, because we are concerned about the ability to continue to sustain that increase in their salary over time.

So for the most part, what we have done in the past, Steve, is to give stipends -- one time stipends, when we found that we could, through a combination, mostly, I would say, fee money, but also through some abilities in federal money, but not typically in general revenue.

We are finding ourselves, as you mentioned, relative to competitiveness in the workplace in salaries. We are struggling to hire people. We hired line
engineers, a lot of environmental specialist and it is becoming -- we are never going to be competitive with the private sector. But we -- there is a range in which we can be competitive with people, but that range is growing rather than (inaudible).

We did one thing -- I know I'm probably talking too much about this, but we did change the way that we recruit people. We were doing the typical things for recruitment; we were going to job fairs and we were going to recruitment offices. What we have done is decided -- and I think, I hate to say this, I think this was either Eddie Terrill's or David Baxter, their idea, that we begin to visit classrooms where we knew college professors, so that we can talk, individually, to kids about coming to work for the DEQ. And that has produced -- that has been a productive exercise on our part, but we're still not keeping up with -- in competitiveness in salaries with the private sector.
Now we'll move on to -- Eddie is going to make a presentation at the forum, about potential impacts of the change in the ozone standard. You all may or are hopefully aware, that EPA is proposing a change in the ground level ozone standard from .080 to a range between .070 to .075. I think it is fair to say that if they -- wherever they change it along that range, it's not, if we go into non attainment, it's the total land by which we go into non attainment. But Eddie will have more information. I mentioned it, here, simply to say that it will also have a significant impact on the resources in our agency -- our air program will have a lot of work in front of it, if that changes.

I typically give an update on legislation at the first meeting after the legislative session ends. That's today. So let me run through some of the legislation that is of interest.

DEQ sponsored a Bill, Senate Bill 509, that established an open landfill closure fund and that is in response to, it
appears -- I think it's clear now, we're going to have to bear some cost for the closure of the landfill in Tulsa and so we needed to get legislative approval to set aside funds for that effort.

The other thing, last year we sponsored a Bill that allowed landfills to pay for wheel washes at their facilities. We changed that from a recoupment process to a prorated process for the $300,000 we had set aside for that as and that was really in response to the fact that we didn't get as many -- the application deadline ended July the 1st and we didn't get as many applications as we thought. So we wanted to go to proration to get that behind us.

It should come as no surprise to anyone, that there was tire legislation last year. Tire -- waste tire legislation passed for the first time in 1989 and there has been at least one Bill to amend that statute every year since 1989. Last year was not an exception.

We did work with the tire processors
on a Bill that essentially transferred the
authority for dealer audits from the
Oklahoma Tax Commission to the Department
of Environmental Quality. It transferred
the authority for calculating reimbursement
amounts from the Tax Commission to the
Department of Environmental Quality and it
established a waste tire task force, one of
many that has been (inaudible) cost of time
that there is a task force.

We had another Bill that was out
there that ran into some procedural
problems in the legislature, so that Bill
was included in the waste tire Bill. That
provision -- there was an agency out there
that was requiring a storm water permit
from the DEQ, before they would issue the
major -- the main operating permit to
operate.

The problem with that was, that
there were facilities out there that were
having their main permit out of that and
did not need the storm water permit. So --
but the agency was insisting that they have
a storm water permit before they would
issue the main operating permits. So we were sort of had ourselves in a position where we were going to have to issue phantom storm water permits. We went to the legislature and got that changed to the provision now says since they issued the main permit and it was our decision when they needed the storm water permits. So that's what that did.

Some other Bills of interest that were enacted -- those were all enacted.

Other Bills of interest that were enacted; House Bill 1490, that was codified by Sullivan and Easley -- that codified certain aspects of the Tulsa poultry lawsuits and. specifically, it requires a phosphorus index in the Eucha-Spavinaw watershed. Senate Bill 709, by Justice and Hyman, that established that the manure and related waste are not hazardous waste.

Senate Bill 609 by Sweeden and Pyatt that created the Oklahoma Bioenergy Center within the Department of Commerce, to promote and coordinate bio-energy development in the state center.
There's one thing that I think may be interesting to you all. Senate Bill 69 by Bass and Blackwell, authorized public bodies, like the Environmental Quality Board to video conference. There are a number of exceptions to that; that you must provide both video and audio, a quorum must be present at the principle meeting site, and all of the sites from which you video conferences, have to be open to the public and there are no Executive Sessions. But it does provide more flexibility in member attendance than it had in the past.

There were some Bills of interest that are either dead or dormant. One of them was our main legislative issue from last year and that was our Blue Skyways initiative, which was a grant program to encourage the use of alternative fuels. It failed, basically, because it failed to receive appropriation.

I'm going to talk about the budget request in the next item on the agenda and we will take that back up. But I think it's fair to say that there's a strong
desire on the authors, who were Senator
Johnny Crutchfield and Representative Phil
Richardson to run that again. And so we're
going to make that a part of our budget
request.

Other Bills of interest that failed.
There was a state solid waste recycling
goal, by Paddock and Hilyard of 10 percent.
We supported the Bill, but that Bill
failed.

There was concern that rose at the
end of the session, that the state
moratorium on water sales out of state,
might not meet the legal test related to
interstate commerce. And so there was an
effort to develop a limit for both in-state
and out of state users. That failed,
because of some concerns about the effects
that it might have on economic development.

There was House Bill 1507, by Atkins
and Morgan. It was a Bill that would have
transferred water use permitting for mining
from the Water Resources Board to the OWRP.
That failed amid concerns about
de-centralizing water use permits, but
there was recently a court decision in
southern Oklahoma that Bob's aware of, that
may muddy the water even more, pardon the
pun, on that issue. So we'll be looking at
that.

House Bill 1300, another Bill of
interest, these are just bills of interest,
that DEQ didn't even -- did not sponsor.
Non-port source litigation restrictions on
the Secretary of Environment, that was not
heard in the Senate.

There was a Bill, House Bill 1515,
by Dewitt and Lablanc, that we did become
involved in. That Bill called for the
relaxation of swine caffold setbacks, to
correspond to setbacks applicable to other
caffolds. The swine caffold had better
setbacks than the other confined animal
feeding operations in the state.

We opposed the Bill, simply because
they wanted to reduce the protection to
public water supply. I'm sorry, reduce
protection of public water supply from one
mile to 300 feet. So definitionally, it
was less protective. And so we did try to
involve ourselves in some negotiations to
find a compromise for setbacks for all
caffolds, but we weren't particularly
successful in that and ultimately, that
Bill was not heard. But there is an
interim study on it this year and it will
likely be back next year.

We also -- let me pause here and see
if there are any questions about any of
that?

MR. DRAKE: Johnnie Crutchfield
will have a Bill coming this time and
others on the agricultural tires. It seems
that way back there, many of us were so
proud that we kept ourselves away and
agriculture away from being charged when
the tires go in to be replaced. So now,
those tires are either going into landfills
that are not approved, or the dealers are
charging them what it cost them to take
them to some landfill, which is quite a
bit. So there will be an effort made and
he's supposed to be talking to you all. I
talked to him.

MR. THOMPSON: Senator
Crutchfield and I have talked. We want to welcome the agriculture community into the tire program when they're ready to come.

MR. DRAKE: All of them don't understand that they need to be there yet, but we will try to explain that to them.

MR. THOMPSON: And we will work with them too. Let me run through briefly.

There are a number of interim studies that the agency will be involved in.

There is a interim study related to the consolidation of the Oklahoma Water Resources Board into the Department of Environmental Quality by Dewitt, that will be taken up sometime in the interim.

There is an interim study related to consolidating the Department of Mines into either the Department of Environmental Quality or the Department of Labor.

There is a study by Cox and Adkins, about the feasibility of building a nuclear power plant in Oklahoma.

There is another study relative to permits and their affect on businesses, particularly, labor permits. Where we are
involved, is that we share the asbestos
program with the Department of Labor and so
we may be involved in that.

There is an interim study by Jett
and Billy about achievable -- I'll just
read what it says. "Achievable synergies
in the areas of policy and economic
development between tribes and the states."
So we will probably be involved in that.

Rosabe and Dewitt will bring an
interim study about the close setback lines
and I suspect we will be involved in that.

There are -- there's another water
study by Leman, Dewitt, and Pruitt. We
probably will be involved in that.

Representative Sullivan, again, is
bringing an interim study relative to
appropriating waste and removal from
limited watersheds and I suspect that we
may be involved in that. Representative
Norman is bringing an interim study about
implementing performance based budgeting on
state agencies. We've been involved in
that in the past and will probably be
again.

And then there is an interim study by Miller, about total government consolidation and reorganization and I would suspect we will be a part of that.

There is an interim study about the reoccupancy of meth lab property. That first meeting is Thursday of this week. I had been specifically invited to that.

There is a water study by Raben. There is the study of the use of surface and groundwater by Paddock. And there is the Waste Tire Task Force, which meets at the end of September. I will sit in the Chair for that task force meeting until they can elect a Chairman, then I will move on.

So that's the number. There's quite a volume of interim studies that we will be involved in between now and February. So that will keep us pretty busy. Questions about any of that? Yes.

MR. DRAKE: I have a question.

Or a comment. Concerning the unfunded mandates that we continue to get from EPA
and, of course, as far as that goes,

Oklahoma also, and the lack of funding thereof, have we talked to our partners who are about to get hit pretty solid and pretty good, to explain to them some of the problems that we are having and perhaps -- and I know you all would have trouble doing it, but certainly people that are in this room could. That we need a little bit of partnership here, in some of our groups, that perhaps a visit with Senator Inhoff and perhaps a visit with the environmental secretary and others -- some senators and representatives, about the fact that we can only do so much with what we have, and we're going to get some money somewhere and since it's unfunded mandates, that perhaps they'd like to get involved and help us get this done. Watch me Ellen, because I get right on the edge of it.

MR. THOMPSON: I would say that we are in, really, the agency, is in pretty good communication with Senator Inhoff's office on this issue, but any help that we could receive from anyone on this issue
would be much appreciated.

On the legislative issues, I think, as I said, we are impacted, as all other agencies of state government are impacted.

So I think there's an understanding in the legislature, that this gap exists and we will continue to work with the legislature about that. I would say we are a little fortunate in that we -- or maybe more than a little fortunate, in that we have other sources of income that we can rely on. If you were an agency that would 100 percent general revenue funded, you would be in a bit of a tight. But, yes, any help that we can get would be much appreciated.

Okay. Let me then, oh, sorry.

DR. GALVIN: We need to back up on the agenda, to agenda item number three, which is approval of the Minutes of the February 23rd meeting.

MR. JOHNSTON: Move to approve.

DR. GALVIN: Do I hear a second?

MR. MASON: I second.

DR. GALVIN: Thank you. Myrna, can we have a roll call for approval of minutes.
MS. BRUCE: Ms. Cantrell.

MS. CANTRELL: Yes.

MS. BRUCE: Mr. Cassidy.

MR. CASSIDY: (Inaudible).

MS. BRUCE: Mr. Dark.

MR. DARK: Yes.

MS. BRUCE: Mr. Drake.

MR. DRAKE: Yes.

MS. BRUCE: Mr. Johnston.

MR. JOHNSTON: Yes.

MS. BRUCE: Mr. Mason.

MR. MASON: Yes.

MS. BRUCE: Mr. Wuerflein.

MR. WUERFLEIN: Yes.

MS. BRUCE: Dr. Galvin.

MR. GALVIN: Yes.

MS. BRUCE: Motion approved.

DR. GALVIN: Thank you. Now sir, you're back on the agenda for the operational budget requests.

MR. THOMPSON: No. We now have one item on the Executive Directors Report.

One more item.

DR. GALVIN: I'm sorry.

MR. THOMPSON: That's fine.
DR. GALVIN: I thought you were moving on.

We are going to show you some pictures that are going to run over here on the screen while I talk. It's probably much more interesting and informative than anything that I will say. We were going to talk about the floods of the summer of 2007. What we are now talking about is the June and July floods of 2007, because I have an update on the August floods of 2007. So let me begin.

We became aware of the impacts of a oil spill from a refinery in Coffeyville Resources at the beginning of July. So we requested assistance from EPA Region 6 to respond to that oil spill. This was a little different than emergency response efforts that we've done in the past, because this one, in fact, involved two EPA regions and two states; the state of Kansas and the state of Oklahoma.

So what we've developed is a unified command structure, with us, the Kansas Department of Environment and Health in
both regions. And each day, an incident accident plan was developed and we would sign off on that plan and each day, on at least two and sometimes more conference calls. We would oversee that the activities that had been listed in that plan were, in fact, going on.

Now I will tell you that there were a lot of concerns with this spill, but the base and most acute concern that we had were with the three public water supply systems on the Verdigre River and the seven in Lake Olaga. So the first thing that we did, was to cause a boom to be placed, and this took some effort, because we were, in fact, dealing with flood waters, but we caused the boom to be placed at an entrance at Lake Olaga, so that we might more effectively protect the seven public water supplies in the lake. But our agency, on two separate occasions, took samples of raw water and finish water, to determine if there were any impacts from the spill to those public water supply systems and it turned out that there were none.
But we did require the company, who was cooperative with us, I think, as much as anything, because of the good services of the Kansas Department of Health and Environment. They routinely took samples at the intakes to the public water supplies and when they began to discharge, to clear the refinery site of the flood water, itself, they took samples of the discharge. And this activity continued pretty much -- this is how we spent our July. This is how the DEQ spent its July.

Some of the things that we did besides the outside activities that we were talking about, we produced fact sheets on clean-up of oil contaminated properties for distribution in south Coffeyville, Oklahoma, where the greatest impact from the oil spill was.

We provided information to flood victims in oil contaminated areas, including how to handle contaminated waste and referrals for -- and then we referred agricultural questions to the Oklahoma Department of Agriculture.
We assisted the South Coffeyville Waste Treatment Plant. We directed Coffeyville Resources to remove the oil contamination, which they did. We were able to locate some pumps to remove -- to assist them in removing the flood waters from the facility and we worked to help located funding to -- their waste water treatment plant was under water. And so the computers and their monitors and everything was ruined. So we are continuing to work to try to find funding to assist them.

Now you're beginning to see some of the -- just flood impacts, to the cities of Miami and Bartlesville. So we had, in those areas, impacts to water and wastewater. We provided information to flood victims on a variety of subjects, including private wells, boil orders, oil contamination and debris removal.

DEQ provided information on flood response on our website. There are some pictures of that. We provided private water well analysis, at no charge, to flood
victims. We worked with municipalities to manage the flood debris. We requested that Region 6 EPA help us with household hazardous waste collection and orphan drum retrieval, which they did. Although we provided the legwork to determine the sites.

We provided services to flood victims at five FEMA disaster recovery centers around the state and we also provided special assistance. There is a -- I think, there is a slide in here that shows the amount of debris that was at Miami and we -- including 200 flood damaged homes in Miami.

Now that's -- and then, if I can find it, that was just in the northeast. We had flood damage all across the state.

MR. MASON: Steve, do we know what caused the release at the refinery?

MR. THOMPSON: I don't think we're sure. We have some suspicions, but I don't think we're sure. I think it may have been that they were filling a tank from a pipeline and that got disturbed and
they were unable to get back, once the flood really hit, to get in and shut it off. We think that's what it is, but I don't think we're sure.

We had -- at the same time all of this was going on, we had major damage in Comanche, Duncan, Blanchard, Lawton, Chickasha and Waurika. That was with public water supply systems. Then with wastewater treatment plants, we had line washouts and problems with waste water treatment plants flooding themselves in Duncan and Marietta and Purcell and Edmond and Comanche and Kingfisher and Purcell and Blanchard, as well as Pauls Valley. And today, we are -- our folks are out across the state dealing with -- where's your list, Richard?

(Inaudible comment)

MR. THOMPSON: Here it is. Here it is. You should have in front of you, these two sheets. One for July and -- June and July and one for August, and so I don't need to go through these, but -- and we have added two, I think, to this list this
morning; Calumet and Minco are having. So I guess, when we go back to school this fall, we can tell our teacher what we did for our summer vacation.

Have we been through this at least once? Maybe more than once? Okay, I think you can shut that off.

There are so many people that have been -- done so much in response to the flooding that we've dealt with across the state that it is with some, I think, trepidation, that I want to mention three people, but I'm going to do it anyway.

Our Emergency Response Coordinator is a lady named Monty Elder. Who has, particularly, during the July -- June and July floods, was on the phone to EPA and to the state of Kansas and to FEMA and to everybody, almost constantly, and not just five days a week, but seven days a week, coordinating our efforts with theirs. So, Monty, where you at? Okay, just remain standing.

And then there are two people that worked the, specifically, with the South
Coffeyville spill in the incident command, to made sure that the things that were planned were actually done on-site and that is Rick Austin. Rick. And Eric Bradley. These folks dedicated just about seven days a week, 12 hours a day to the response at, particularly, Coffeyville and Miami and Bartlesville. And if you would, please join me in showing your appreciation to them for the work that -- the fine work that they did. And I'm through with that item.

Any questions about flood or fees or the funds or any of that?

MR. MASON: I have one question.

MR. THOMPSON: Yes, sir.

MR. MASON: In the last year, we passed a couple sets of rules about the highway cleanup program.

MR. THOMPSON: Yes.

MR. MASON: How are you coming with all those contractors?

MR. THOMPSON: We are -- fine.

We -- may get Gary could help me a little bit. We have now licensed about 13 or 14
contractors -- 14 contractors. And I
think, as far as I know, there have not
been any incidents that have been failed to
be addressed as a result of those issues.
Is that fair to say, Gary?

MR. COLLINS: Well, we've had one
incident where we're still trying to decide
the fact of whether the licensed person was
on-site or not, but other than that, we
haven't had any problems.

MR. THOMPSON: It is a -- I think
operationally, Steve, it is working out
fine. Pretty close to fine.

MR. MASON: Were you sued over
the Oklahoma requirement?

MR. THOMPSON: Not yet. I think
that the reason we were not sued, is there
are folks out there that are going to
continue to seek a legislative fix, rather
than a judicial fix. And I suspect that we
will see in the coming year, some efforts
to change that. Although, I think the
biggest issue for most people was the
$10,000 fee, the $10,000 initial fee. You
only pay the $10,000 once and then you pay
$1,000 a year after that. Well, when you have 14 or 15 people -- that 14 people, I guess, that have paid the $10,000. So the sting over that initial $10,000 cost has probably gone out of those folks. But we'll see. I do periodically hear from a legislature about it and we will see what happens next year in the legislature.

DR. GALVIN: Steve, I have a question.

MR. THOMPSON: Yes.

DR. GALVIN: This question is referring back to the floods and all the damage that is occurring. Is the ODEQ helping facilitate the wastewater treatment facilities or any other facility in these towns; water treatment facility plants that are damaged, to help them find monies to correct their problems caused by the flood?

MR. THOMPSON: Yes. We're trying. At our request -- one of the things that happened. At our request, the Oklahoma Resources Board has some emergency money that they could provide to these communities to assist them, but it required
a vote of the Board. Now their Board meets monthly, but it was difficult to respond to as many situations as we found that we were having to deal with, with a Board that, when decisions could only be made once a month. So at our request, the Water Resources Board has given the authority to their Chairman to make decisions about emergency funds and so that moves more quickly than it had in the past. We work with rural development.

The other thing that we do, although it has been very slow in coming, for whatever reason, is we assist communities to make sure on debris removal, that they are doing it based on both federal and state requirements, so that when FEMA declares a public assistance effort, they are eligible to receive reimbursement for their efforts in removing storm debris. And so we have been working with all of these communities. I was on the phone today with a community over that very issue; make sure that you do this the right way, so you don't miss your opportunity for
FEMA reimbursement should a disaster area be declared. It's my understanding that the governor, not on this most recent set, but on all of the other issues that we have faced, has made requests to FEMA -- now Monty, if I'm telling these folks wrong, you stand up, but we have made requests to FEMA. Now, the funding for an individual, like if it was your house, has come forward. But the funding for the communities to pay for their cost of debris removal to -- we believe, that in the past, FEMA has funding for the restoration of public water supplies and for wastewater treatment plants. So the individual assistance came along, but the public assistance piece has been -- I'm not sure that's been done yet. Is that right, Monty?

MS. ELDER: It has not been done.

FEMA has forwarded it --

MR. THOMPSON: Stand up and speak up. I know you can talk louder than that.

MS. ELDER: The way the process
works is, the governor made a disaster request to FEMA and FEMA then forwards that along with assessment of damage to the White House and it's up to the White House to actually authorize public assistance funds. And FEMA has forwarded that request from public assistance to the White House and it is still waiting to be approved.

MR. THOMPSON: So we are waiting -- to a great extent, we're bringing what limited resources that we -- I mean as far as on the ground assistance, I mean a lot of this stuff is, "We've got a busted water line." So you've got to valve that off and you come back and make permanent repairs later and so our folks are out there assisting them or assisting the Board, we're doing a lot of that stuff. We don't have a lot of money to pay for infrastructure. We're going to have to rely, to a great extent, on FEMA to -- or the White House, to grab those kinds of funds. We're just trying to keep them in a position where they are eligible for that
funding, if it ever comes.

MR. DARK: Can DEQ suggest to communities --

THE REPORTER: Can you speak up?

MR. DARK: I'm sorry. I'll restate the question. If DEQ can suggest to communities to seek private funding as interim funding, I do know that through the course of a lot of these emergencies because of the FEMA situation there were some private bond people that were -- that could get money to the community within a week, have that community that's financing to go out and to move forward with the confidence that they would be repaid through FEMA at a later date. I don't know about cash flow. Do we have that ability or are we stepping outside of our bounds by suggesting that?

MR. THOMPSON: I don't think we would be stepping outside of our bounds, I think we would be delighted to do that. I just don't think we were aware of it. So if you could help us know how we do that, we'll pass that information along.
MR. DARK: I got a lot of calls this week.

MR. THOMPSON: I don't --

(Inaudible comment)

MR. THOMPSON: I don't think that's a problem. Okay.

DR. GALVIN: Any other questions for Steve before we move on?

I would just like to add my thanks and the Boards thanks to Monty and Rick and Eric. As we've seen, there's been a lot of work to do and we appreciate your efforts, especially those of us in a flood area, we really appreciate your efforts.

All right. Agenda Item Number 5. And I should say, Steve, thank you very much for that visual. That really brings home what you're trying to deal with.

And now moving on to the operational budget requests. It is, yet, again, Steve Thompson.

MR. THOMPSON: Well, let me also say that it was a cooperative -- that set of slides, particularly, the oil spill, was put together by some people in ECLS and
some others and we forwarded that to the regional response team and they were pretty happy to get those pictures. It's a pretty graphic display of what was going on with that oil spill.

Okay. Let me talk a little bit about our budget requests. This -- let me talk a little bit about the process. We have to make budget requests to the Office of State Finance by October 1st. The statute gives the Board the authority to approve that budget request. The process that we use and have used for quite a number of years, is that a subcommittee of the Board meets to review it and make decisions relative to moving that onto the Board as a whole. That committee met on July the 30th. Ms. Galvin, Ms. Cantrell, Mr. Johnston and Richard Wuerflein and Steve Mason were not able to attend, but he's on that committee too. They voted to move the request, as a whole, to you and so that's what you have in front of you.

One of the things that we have not done in the past, that we are doing this
year, specifically, is to indicate to you the increases in FTEs that we are requesting of the legislature. I've made a -- I don't know whether it's a strategic or tactical error, but it was an error. I went to the legislature last year and said, "I need 20 new FTEs," and went through all the committee meetings, and everybody sort of nodded and said, "Well, that's fine."

And at the end of the session, we got one. So we are trying to tie -- and we just said, "You give us 20 and we'll figure out where we need them, when we need them."

It didn't turn out to be the most effective strategy.

So we have indicated the FTE's that we need, along with the funding. And again, let me start with the Blue Skies Program that we talked about that failed to get an appropriation last year. And as I said, it's basically the same program, although I think we're going to use a little bit different name this year than Blue Skies. I think I'm tired of getting ribbed about that notion. But it is, in
fact, an effort to provide grants for alternative fuels for clean air in a time when we are battling to stay in attainment or may be faced with non-attainment in the very near future.

We had asked for $2.5 million dollars, that's what our request shows, although, I have had some conversations with the authors and they are intent on asking for double that amount. So I bring to you this as a 2.5 million dollar request, just as last year, but I should inform you. that these legislative authors are pretty anxious to do that. We're asking for one FTE for that effort.

The next item is, we're asking for three replacement FTEs in the air quality division. John, by some feat of magic, stole three from Eddie and is using them and Eddie wants them back. So -- but it is clear with the impending issues related to the ozone standard, we will need those FTEs.

The next item is an FTE request for ECLS. What has happened is the major
growth over the past, I suppose, six or seven years, have been in the water program. And as that program has grown, a lot of the activities that the water quality division used to do has been shifted to ECLS, in order to accommodate this stuff that's coming in. The ECLS has become more efficient in their complaint response and so we were able to find some efficiencies in doing that. But they are pretty much stretched to the limit.

Now what Gary and his folks do, periodically, is run a model and it is a model of the distance traveled and the amount of work necessary to do the job and they determine where we need to site people in offices in order to be as efficient as we can and the one -- whole we need an FTE for ECLS here, they have identified us as not being optimally or efficient as in Muskogee County. So we are asking for that.

Of course, David Dyke, who runs our Administrative Services Division and as programs grow throughout the agency, his
efforts grow and so David has, in effect, jumped on the bandwagon and asked for an FTE for administrative services.

We were able to hire a young man -- the next item is in our customer services division. We were able to hire a young man who was doing some small community assistance outside of the norm. What our normal process is, is you get in trouble with the DEQ and then we go assist you through a Consent Order. We wanted to take a little bit different tactic. We wanted to try to be proactive in finding communities that were growing, that were willing to do more to meet that growth, but just didn't know how. A perfect example is the town of Elgin that is going to experience considerable growth, because they have attracted a contractor that will come to Elgin related to the increase of work that's going to be done at Ft. Sill. I mean, Ft. Sill is growing, Lawton is growing.

So this -- so what we tried to do, is to see if there was some funding and
assistance that we would do to communities
to effectively avoid non-compliance. So we
are asking that -- that young man left, so
we were asking for funding and an FTE for
that. That was a trial that we were in.

This is something that you've seen
before. Funding for analytical equipment.
We continue to rob Peter to pay Paul, to
pay for funding for equipment in the lab,
as our resources are now stretched. Our
ability to do that becomes less and so we
again are asking for money for laboratory
equipment on a one-time and on-going basis.

We are asking for an FTE in our
laboratory certification -- or
accreditation program. We did raise fees.
We used to have two people that work in
that program. Apparently, John stole one
of them, too, and so now Judy wants her FTE
back. So we're asking for -- John's being
very quiet back there -- So we're asking
for that FTE.

Blue-green algae is a problem that's
becoming more and more prevalent in the
state of Oklahoma. We have more and more
incidences of this, particularly, toxic form of algae. We started out on our quest for funding for blue-green algae wanting to try to protect public water supplies, focusing on public water supply systems. But in the interim we have had a couple of situations where -- in fact, we had a -- this is particularly toxic to animals. We had a dog die down at Lake Texoma and we had an incident in a private lake, where we thought we had impact from blue-green algae, turned out not to be. But it has moved our thinking from simply protection of public water sites supplied to protection of recreational areas. And so we are asking for funding for equipment and for manpower to begin to address the issue of blue-green algae. A couple of years ago we went to move to the water quality division. A couple of years ago, we were able to get some money for small community assistance for public water supply. I think, in the information that we provided you, you can see what we have done with that money, but
it has disinfection by-products and radio nuclides, arsenic, all of those things continue to come on and on. We are finding, again, ourselves stretched pretty significantly, in our attempts to help small communities. And so we are asking for an increase in funding and more FTEs to do that.

This is an old friend of ours from TMDL funding. You've seen it tons of times before. We are, again, going to try to focus on TMDLs for the protection of public water supply. There appears to be more money that is available for funding for watershed work. If we can do a TMDL for the protection of public water supply, if we can get that funding, we think that we can direct federal money to the protection to watershed efforts from the protection of public water supply. I do fully understand that we have thought that in the past, but we continue to think it and are going, again, to ask for money for that.

Finally, I don't know that I need to much more explanation than you have already
seen for our request for one FTE for
$60,000 to do both drought and flood
assistance. We moved out of a period of
time, over two years, where we were
struggling to find alternative water
sources for communities to a time when the
City of Commanche has now, twice, had their
main sewer line washed out. So we need
some help on that issue.

With that overview, Madam Chair, I
would be happy to answer any questions.

DR. GALVIN: Any questions for
Steve?

MR. MASON: Steve, looking at
your FTE inquiries request and comparing to
that to your need for additional money,
because of the five percent raise from the
legislature. If you don't ask for FTEs and
you don't add employees, could you use
those savings or not spending that money to
fund your fund your five percent raises?

MR. THOMPSON: Well, we will have
to -- I'm not sure I understand your
question. If --

MR. MASON: I guess, my question
is, if you take 17 FTE's times $60,000 a year, that's more money you have to find.

MR. THOMPSON: We have to find more -- almost all of that money would be tied to a legislative -- to our budget request. So if we want the money for, let's take flood and drought systems, if we want the money for flood and drought system, we would need that FTE. If we didn't get the money, we wouldn't need the FTE.

There are some, like the ECLS ones, there are a few that we will ask for and we may not be able to have the funding to hire. But if you'll look at -- I didn't draw your attention to this. There is a handout that we've provided, that looks something like this. And it will show that over time we have given FTEs back, to the point that we are unfunded and we were at the point where we can no longer -- we're full up on FTES. So we are making a request for money and for FTEs. If we don't get the FTEs -- if we don't get the money -- we would like to have the FTE, in
case money became available through some
other project. But it will depend to a
great extent on the legislature providing
us money to need those FTEs.

MR. MASON: But if you go back to

-- okay, 17 FTEs times 60,000 employees is
one million dollars.

MR. THOMPSON: That's right.

MR. MASON: Now, go back to your
earlier presentation that says you have $3
million of unfunded legislative mandates,
would you rather have $1 million for new
employees or one million to pay for these
unfunded raises?

MR. THOMPSON: Well, we would
prefer to have it all. But in answer -- go
ahead.

MR. DARK: Just a comment. I'm
sorry, I'll have to speak up. It would
seem to me -- I mean, I understand exactly
what you're saying, but it would seem to me
if you make a presumptive close, the agency
is working at a decent deficiency level
then you really robbing Peter to pay Paul,
in pushing the existing employees, probably
faster than they're willing to go, to get
that additional money. We know that the
salaries are very low in the agency, with
regards to other positions and I don't
think we can -- can we legislate that we
increase those salaries? Can we legally
increase those salaries or are there limits
to those positions that are set?

MR. THOMPSON: There are
increases and then we have some flexibility
to increase wages, but very limited
flexibility to do that. For the most part,
we have to rely on the legislature to do
that.

MR. DARK: I just questioned
whether the gain would be there, if you
took that money and put it on the existing
employees and tried to get that efficiency.

MR. THOMPSON: Well, we are -- it
is fair to say that we are meeting payroll
and we are meeting these costs. But the $3
million is in the coming year and at some
point, I don't think we're afraid of it
now, but if we don't get some funding, we
are going -- we can't sustain this. We
cannot sustain this without additional funding and we will, at some point, begin to have to lay people off, because you can't just continue to increase workload and decrease funding and sustain it, it's just not sustainable. So we are asking for money in the future, so that we don't have to take actions that we clearly don't want to take.

MR. DARK: Has agency had layoffs before?

MR. THOMPSON: We've never -- to my knowledge, we've never had a layoff. We never had to do that. In fact, we've made some strategic errors relative to return of FTEs. When the legislature sent us -- asked us to send some FTEs back once and we did, which was probably a mistake. But no, we've never had to do a reduction in force and I hope we never do, but it is unsustainable to continue to take reductions.

And what we are concerned -- the other thing we're concerned about, this is more projection than anything else. The
amount of money -- there are separate statutes that require us to pay more each year for insurance and more each year for retirement. So the $3 million we're talking about for the coming year, will only grow to three and a half and four and on up. We will go -- what will happen, Steve, is we will go to the Councils and we will lay out for them the issues and each of the programs and we will make to the Air Quality Council, for instance, what our needs are and what our income is, what our expenses are going to be and wherever the division directors determine that those funds -- those programs are underfunded. they will make a case to the Air Quality Council that it is, in fact. And the Air Quality Council will either believe them or they won't. And then it will come to you.

So my presentation is simply to show you the pressures that we are facing. The real nuts and bolts of fee increases will come in those fee cases that will go before the Councils and, ultimately, before you.

MR. DARK: I think it would be a
good exercise, because it is very important, what we're faced with that --

THE REPORTER: Could you please speak up.

MR. DARK: It's very important with what we're faced with, that we take this aggressive approach in planning with this, what you termed rift, as we do in planning for these increased monies because, at least I know in the private sector, when those monies don't come, you have to act and you have to act quickly to stay alive. And if this agency is going to be efficient and have -- be healthy in a post-funding, then we need to see a plan of what would happen if those numbers did not come through.

And we all have to plan and hope and we've done a very good job -- you've done a very good job in getting those monies before us. But I think having that plan before us, is a thing that we should know and we have at our ready, should this funding not happen.

MR. THOMPSON: We do not -- the
agency has no capacity to raise fees,

obviously, but we do not. What I have
directed -- what I wanted you to know, is I
directed the division directors to go look
at their programs, see where they believe
they're underfunded relative to fees, to do
some projections of the work, not only the
current work, but the future work that's in
front of us. Particularly in their program
and if there's a case to be made, we'll
make it. And that's what we're -- that's
what this is all about. If there's no case
to be made, I'm sure the Air Quality -- I
know, well, that the Air Quality Council
will -- we will look at -- will be diligent
in looking at the case that Eddie would
make, as we will with all the Councils, be.

MR. DARK: But if the case came
-- they made a case and we lost funding
somewhere else. We have to still be
prepared for that.

MR. THOMPSON: We have to be
prepared for that. That's correct.

DR. GALVIN: Jerry.

MR. JOHNSTON: I think you don't
-- you haven't said anything about the extreme cost that you've had for -- just this picture that she showed us in the flood we're in right now. That has to be quite a bit of an expense off of a regular -- not coming from everybody's budget. These probably need to be mentioned, maybe, when you're presenting it to the legislature.

MR. THOMPSON: Well, I mean if we (inaudible) -- let me first of all say that to the DEQ employees that are here, we are not planning a rif, so don't -- but --

(Interruption)

MR. THOMPSON: We pay compensatory time, so we've got people out there working lots of hours that get compensatory time, but there is a cost of compensatory time because at some point they've got to take that time and you don't have anybody there to do the work. We are, in fact, ready for it to stop raining for a while. I can just tell you that.

MR. JOHNSTON: I just thought it would be a good thing to mention. The
Legislature knows it, but they need to know it every time you talk to them.

MR. THOMPSON: What happened to us is -- and I will tell you that probably David was telling me this all along and I just wasn't focusing on it, but there are separate statutes -- there's a separate statute that drives a retirement contribution; and a separate one that drives the insurance contribution; and then there's a separate one that drives a salary contribution and we -- I think it was only in this past year that we put all three of those together and looked at the figures, and we're somewhat surprised to find out what we were faced with.

MR. DARK: For the record, this Board Member is in no way suggesting that a RIF be planned, but I want to explain that. I believe that if you do plan for that and you know that, and you put that burden back on our legislatures next year and you show them the decisions they're making with regards to our funding, I think we stand a better chance of getting our funding. It's
just one other way to try to push that
responsibility onto someone that's
responsible for making those decisions.

MR. THOMPSON: I think you'll
find -- I think the full impact of this is
-- again, this is not an issue for only the
DEQ. I think Agency Directors will be much
more active as the cumulative effects of
this thing becomes more and more known. I
think the Agency Directors are going to be
over there banging on the door, on the
Legislature's door this coming year saying,
this is what -- this is the cost. You need
to understand this is the cost.

MR. DARK: I've seen that happen
in other industries and watched those
individuals go in to those legislative
offices and say my job is at stake; or my
peoples' jobs are at stake. And it really
does change their attitude as to how they
vote.

MR. THOMPSON: Yeah.

DR. GALVIN: Are there any
questions from the public? I guess I
should have asked if there are any more
questions of the Board first, but this is
an opportunity to ask questions of Steve,
on this budget.

(No response)

DR. GALVIN: Hearing no questions
from the public; are there any further
questions, discussions, from the Board?

MR. DRAKE: I move approval
because I know that that committee has done
a wonderful job, so I would like to move
approval.

MR. DARK: Second that.

DR. GALVIN: Thanks. Myrna, it's
time for a roll call.

MS. BRUCE: Ms. Cantrell.

MS. CANTRELL: Yes.

MS. BRUCE: Mr. Cassidy.

MR. CASSIDY: Yes.

MS. BRUCE: Mr. Dark.

MR. DARK: Yes.

MS. BRUCE: Mr. Drake.

MR. DRAKE: Yes.

MS. BRUCE: Mr. Johnston.

MR. JOHNSTON: Yes.

MS. BRUCE: Mr. Mason.
MR. MASON: No.

MS. BRUCE: Mr. Wuerflein.

MR. WUERFLEIN: Yes.

MS. BRUCE: Dr. Galvin.

MR. GALVIN: Yes.

MS. BRUCE: Motion passed.

DR. GALVIN: All right. Agenda

Item Number 6 is our Annual Performance

Review of the Executive Director, Steve

Thompson.

And at this time we will go into

Executive Session. We will return after

that Executive Session.

MR. JOHNSTON: You need a motion
to go into Executive Session.

DR. GALVIN: Sorry.

MR. JOHNSTON: So moved we go

into Executive Session.

MR. DRAKE: Second.

DR. GALVIN: It has been moved

and seconded that we go into Executive

Session. Thank you. Okay. Thank you,

Myrna.

MS. BRUCE: Ms. Cantrell.

MS. CANTRELL: Yes.
MS. BRUCE: Mr. Cassidy.
MR. CASSIDY: Yes.

MS. BRUCE: Mr. Dark.
MR. DARK: Yes.

MS. BRUCE: Mr. Drake.
MR. DRAKE: Yes.

MS. BRUCE: Mr. Johnston.
MR. JOHNSTON: Yes.

MS. BRUCE: Mr. Mason.
MR. MASON: Yes.

MS. BRUCE: Mr. Wuerflein.
MR. WUERFLEIN: Yes.

MS. BRUCE: Dr. Galvin.
MR. GALVIN: Yes.

MS. BRUCE: Thank you.

(Board Members go into Executive Session)

(Board Members return from Executive Session)

DR. GALVIN: I'd like to reconvene this session.

MR. JOHNSTON: Do we need a motion to reconvene?

DR. GALVIN: I'll call for a motion.
MR. JOHNSTON: I move we reconvene in to a regular session from Executive Session.

MR. DRAKE: Second.

DR. GALVIN: All right. Myrna, will you do a roll call.

MS. BRUCE: Ms. Cantrell.

MS. CANTRELL: Yes.

MS. BRUCE: Mr. Cassidy.

MR. CASSIDY: Yes.

MS. BRUCE: Mr. Dark.

MR. DARK: Yes.

MS. BRUCE: Mr. Drake.

MR. DRAKE: Yes.

MS. BRUCE: Mr. Johnston.

MR. JOHNSTON: Yes.

MS. BRUCE: Mr. Mason.

MR. MASON: Yes.

MS. BRUCE: Mr. Wuerflein.

MR. WUERFLEIN: Yes.

MS. BRUCE: Dr. Galvin.

MR. GALVIN: Yes.

MS. BRUCE: Thank you.

DR. GALVIN: Thank you.

MR. DARK: Madam Chair, I'd like
to make a motion. Can we do that now?

DR. GALVIN: Yes, sir. Please

speak into the microphone.

MR. DARK: I'd like to move that
effective July 1, 2007, which is the
effective date of House Bill 1273, the
salary of the Executive Director be set at
$99,922 per year or $8,326.83 per month,
which is the maximum salary that the
Oklahoma Legislature currently allows for
that position.

I further move that the new salary
remain effective until changed either
directly by the Legislature or by
subsequent actions by this Board.

MR. JOHNSTON: Second that

motion.

DR. GALVIN: Any discussion on
that motion?

MR. DRAKE: Certainly, publicly
we need to thank Steve and all of the DEQ
personnel for everything that they do. We
think they've done a great job.

DR. GALVIN: Any public comments?

Hearing none, Myrna, can we have a roll
call.

MS. BRUCE: Ms. Cantrell.

MS. CANTRELL: Yes.

MS. BRUCE: Mr. Cassidy.

MR. CASSIDY: Yes.

MS. BRUCE: Mr. Dark.

MR. DARK: Yes.

MS. BRUCE: Mr. Drake.

MR. DRAKE: Yes.

MS. BRUCE: Mr. Johnston.

MR. JOHNSTON: Yes.

MS. BRUCE: Mr. Mason.

MR. MASON: Yes.

MS. BRUCE: Mr. Wuerflein.

MR. WUERFLEIN: Yes.

MS. BRUCE: Dr. Galvin.

MR. GALVIN: Yes.

MS. BRUCE: Motion passed.

DR. GALVIN: Thank you. And I would like to reinforce that we do thank Steve for all your hard work and we know you have an excellent staff and we'd like to thank them as well.

MR. THOMPSON: Thank you. Thank you, very much.
DR. GALVIN: We are rapidly bringing the meeting to a close. The next agenda item is the calendar year 2008 Board Meetings.

Thank you, Ellen, you have, I believe put together for us a map.

MS. BUSSERT: David Dyke put together the map.

DR. GALVIN: David Dyke put together the map with the suggestion that Ellen passed on to David. What you see here before you is a map of where these ODEQ meetings have occurred in the past and the number of times that we have met in those locations.

Currently, I believe the suggestion sent in your Board packet was to have February 29th meeting in Oklahoma City at our DE offices there; and then two other suggestions were Duncan and McAlester. I don't know if -- I know the Board Members received this in their packet. It appears to me that Duncan has never had a Board Meeting, or at least I don't see it on this map, and McAlester has had one other -- one
meeting at that location.

   MR. DARK: Why Oklahoma City
again? We've done it so many times?

   MR. JOHNSTON: Where, exactly, is
Duncan on this map?

   DR. GALVIN: Duncan is between
Chickasha and Lawton, on this map.

   MR. THOMPSON: Tony asked why
Oklahoma City again since we've been there
so often, and the answer to that is it's
really an accommodation to me. We must
have a Board Meeting during the Legislative
Session and because of my activities with
the Legislature during that time, it was
just a little easier for me.

   MR. DARK: I remember I asked
that question last year, and I think I got
the same answer.

   MR. THOMPSON: Just for me.

   DR. GALVIN: Any other
discussion? Any concerns?

   MR. MASON: I think Duncan is a
great spot. I might suggest that just due
to convenience of our Board Meeting
Members, we might consider the Northeastern
Oklahoma quadrant, instead of McAlester

MR. DARK: That would be nice.

There are good restaurants there as well.

DR. GALVIN: Do you have a specific suggestion, Steve?

MS. MASON: I'd say the northeast part of the state, somewhere.

DR. GALVIN: Pawhuska has been suggested by the Executive Director. I'm trying to look back over -- I thought we met in Miami --

MR. THOMPSON: Talequah is northeast.

DR. GALVIN: Talequah? I'd consider that more due east.

(Discussion about meeting places)

MS. BUSSERT: Madam Chairman.

DR. GALVIN: Yes, ma'am. Ellen.

MS. BUSSERT: It's more cost-effective for us to meet in our office in the Oklahoma City area.

(Inaudible comments)

DR. GALVIN: All right. I'm hearing Tahlequah and Duncan. I'm sorry, is the two that remain available to me.
MR. DARK: Sounds like a motion to me.

DR. GALVIN: So, Oklahoma City on February 29th. August 19th, does it matter which city? Pencil in Duncan.

MR. JOHNSTON: Duncan.

MR. DRAKE: Pencil in Duncan with the idea if something would be better for the next one, give Ellen and Steve a little bit of flexibility because I don't think we - I think that wherever we go, we should be welcome. And I think that if we're not welcome, and I mean welcome, then let's find another place to go. And I think that there needs to be a little bit of leeway given, Steve and Ellen, to find a place that we don't have to get charged a lot. We're very fortunate. This is a wonderful place. Others weren't so good.

And I think that -- it's like in Ardmore and Braman, you know, we don't even think about getting charged, because we're welcome.

MR. MASON: How about if we go back to Ardmore next year?
MR. DRAKE: Well, I can't get that done. The bank told me not to come back for another (inaudible) and Noble said you've got to give us a break.

But they did welcome you. And you do need -- I think it's an honor for a city to have us. And I want you all to feel the same way. And if they don't want us and she can't deal with them, let's do something else. And you can put that in the minutes.

DR. GALVIN: All right. Thanks, Bob.

Would someone like to make a Motion?

MR. DRAKE: I so move.

MR. MASON: Second.

DR. GALVIN: Myrna, would you give us a roll call, please. And for restatement that is Oklahoma City, February 29th; Duncan, August 19th; and Tahlequah, November 18th with discretion given to that --

MR. DRAKE: One other thing, just give this a little thought. Is Tahlequah more beautiful in the summer or in November
because the leaves are already gone?
Duncan is going to be hot in the summer.
I'm from there, I'm from that area.

MS. BUSsert: If the leaves are still on the trees, Tahlequah is beautiful in the fall.

MR. DRAKE: In the fall?
MR. THOMPSON: I think it will be.

MR. MASON: So what are you suggesting?

DR. GALVIN: Motion stands, I believe. Myrna, please.

MS. BRUCE: Ms. Cantrell.

MS. CANTRELL: Yes.

MS. BRUCE: Mr. Cassidy.

MR. CASSIDY: Yes.

MS. BRUCE: Mr. Dark.

MR. DARK: Yes.

MS. BRUCE: Mr. Drake.

MR. DRAKE: Yes.

MS. BRUCE: Mr. Johnston.

MR. JOHNSTON: Yes.

MS. BRUCE: Mr. Mason.

MR. MASON: Yes.
MS. BRUCE: Mr. Wuerflein.

MR. WUERFLEIN: Yes.

MS. BRUCE: Dr. Galvin.

MR. GALVIN: Yes.

MS. BRUCE: Motion approved.

DR. GALVIN: Thank you. Is there any new business that should be brought before the Board? And, of course, this is any matter not known about and which could not have been reasonably foreseen prior to the time of posting the agenda. Does anyone have anything to bring before the Board? Hearing none, I call this meeting adjourned.

And with that, we normally call into session a public forum, but Ellen, I understand, no one has signed up for discussion or presentation. We are discussing at this point in time since some Board Members have to leave, that Eddie has a presentation on Mercury and Ozone, but that he'll present that at our next meeting in Weatherford unless the Board disagrees with that recommendation.

Hearing no disagreement, the public
forum is adjourned as well.

Thank you everyone for coming.

(End of Meeting)
CERTIFICATE

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 meeting is the truth, the whole truth, and nothing but the truth; that the foregoing meeting was taken by me in shorthand and thereafter transcribed under my direction; that said meeting was taken on the 21st day of August, 2007, at Guthrie, 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 24th day of September, 2007.

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