



Department of Environmental Quality (DEQ)

FY 2024 Budget Hearing Presentation

Submitted by: Scott Thompson, Executive Director



Scott Thompson

Executive Director

Our mission is to protect and improve public health and our environment.



The **Department of Environmental Quality** serves to **protect and improve Oklahoma's Air Quality; preserve and restore Oklahoma's Water; preserve and restore Oklahoma's Land while having fair, consistent, and effective regulation and oversight; responds to natural disasters, environmental emergencies and citizen complaints; provides expertise, technical assistance and outreach; enhances economic development; all while being efficient, effective and fiscally responsible.**

Founded in **1993**, this agency now encompasses the following divisions:

- **Executive Director's Office**
- **Legal**
- **Business & Regulatory Affairs**
- **Continuous Improvement**
- **Communications & Education**
- **Administrative Services Division**
- **State Environmental Laboratory Services Division**
- **Environmental Complaints & Local Services Division**
- **Air Quality Division**
- **Water Quality Division**
- **Land Protection Division**

Agency Vision, Mission and Core Values

Vision: To lead the nation in fostering a healthy and sustainable future through effective and innovative environmental actions

Mission: To protect and improve public health and our environment

Core Values: DEQ was created with a fundamental responsibility to protect and improve our environment; however, we also believe government at all levels should be a true servant of the people. We call our set of values S-E-R-V-I-C-E to represent the seven values we will employ to serve each other and the citizens and businesses of Oklahoma. (1) Satisfying Customers, (2) Engaging Employees, (3) Reducing Costs, (4) Adding Value, (5) Improving operations & efficiencies, (6) Fostering Creativity and Innovation, and (7) Exhibiting Excellence



Accomplishments

Top accomplishments for FY 2023 – FY 2024

1. Water Loss Audits continue to be successful.
 - o In FY 23, 29 water loss audits were completed.
 - o From those 29 audits, approximately 2,112.57 million gallons per year of potential water savings were identified.
 - o The cost of these water losses identified from the audits was \$3,512,238.27.
 - o Through the Oklahoma Strategic Alliance, we are able to work together to provide technical assistance and find solutions for these water systems.
 - o In total, 9 systems have received leak detection help from ORWA, where, together, they have identified 61 leaks estimated at 163.2 million gallons per year.
 - o Of the 61 leaks, 36 have been repaired by the systems. Recovering an estimated 115.1 million gallons of water valued at an estimated \$601,087 per year.
2. More than 1,300 public water supplies in Oklahoma must comply with EPA's Lead and Copper Revised Rule.
 - o However, this rule is primarily focused on testing for lead in residences and includes minimal provisions for testing in schools or daycares.
 - o DEQ has a program offering free sampling and testing of drinking water for schools and childcare facilities.
 - o To date, DEQ has enrolled a total of 102 facilities.
 - o In FY 23, DEQ assisted 20 public schools and 33 daycare facilities with lead testing.
 - o Currently, 66 faucets and 21 water coolers have been replaced and 49 fixtures removed from service to help ensure safe drinking water.
 - o A total of 9,089 students and staff at the schools who have remediated/reduced lead have been positively impacted by this program.
3. Work at Tar Creek is ongoing.
 - o For FY 23: sampled 239 residential properties and high access areas.
 - o Cleaned up 24 residential properties by removing more than 2,700 tons of lead-contaminated soil.
 - o Partnered with HUD's Office of Native American Programs and provided sampling to 6 federally recognized tribes applying for HUD funding.
 - o Cleaned up 25 acres of land, hauled approximately 167,387 tons of marketable chat to processors.
 - o Approximately 268,015 tons of lead contaminated material were transferred to the Central Mill Repository.
 - o The two passive treatment systems have treated roughly 138 million gallons of contaminated water and removed approximately 74,000 kg of iron, zinc, lead, and cadmium.



Accomplishments

Top accomplishments for FY 2023 – FY 2024

4. Air Quality Lean Pilot Project is going well.
 - o Our goal is to complete full compliance evaluation reports and submit the reports to the company within 135 days, 90% of the time.
 - o We also compared the number of inspection reports completed, violations documented, and sent to the facility within our Lean goal of 135 days.
 - § Based on inspections conducted between July 1 and August 31st.
 - FY 23 – 0%
 - FY 24 – 100%
5. Infrastructure Funding for Oklahoma water and wastewater systems
 - o DWSRF funded 21 water projects during FY 2023, for a total of \$82,387,225 including loan forgiveness of \$17,889,447.
 - o The Rural Infrastructure grant program has awarded 111 water or wastewater systems a total of \$9,439,979.
 - o Each of these projects has at least one construction permit that the agency must issue.
 - o Permits issued within 30 days once the application is complete and fees are paid.
6. Cleanup Programs
 - o Garden Oaks Elementary School Asbestos Abatement completed using \$350,000 subgrant from Brownfields Revolving Loan Fund. The Alpha Community Foundation of Oklahoma plans to redevelop the building into a community Center.
 - o Completed the approximately \$12 Million soil cleanup, creek sediment cleanup, and installation of LNAPL removal systems at the Oklahoma Refining Company Superfund Site.
 - o Voluntary Cleanup Program (VCP) closed 6 sites and cleaned up 67.99 acres in FY2023.
 - o Over 10 years, a total 2,450 acres were cleaned up, 77 VCP sites were closed and 59 Brownfield sites were completed.
7. AQD
 - o AQD was awarded an Association of Air Pollution Control Agencies' 2023 Best Practices Award for the Representative Sampling Guidance for Oil & Gas facilities developed by the Permitting Group.

Challenges

Top Challenges (current & upcoming years)

- Unprecedented continual expansion of federal regulations by EPA without adequate federal funding
- Staffing, including recruitment, training, and retention
- Decreasing revenue in some DEQ programs
- Upgrades to IT to meet the needs of the agency and customers



Savings & Efficiencies (Current or Planned)

Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement*	FY 2023 (Actual \$ Savings)	FY 2024 (Projected \$ Savings)	FY 2025 (Projected \$ Savings)
OnBase	Moved DEQ OnBase to State-wide saving an estimated \$20,000 in FY2023 and FY2024.	Dollars	\$20,000	\$20,000	\$20,000
Building Security	Moved DEQ building security system with OMES State-wide saving an estimated \$10,000 in FY2023 and FY2024	Dollars	\$10,000	\$10,000	\$10,000
Revenue Management	Increased efficiencies by providing standardized, effective, timely and enforceable permitting and licensing invoice, payment and receipt processes.	Hours			TBD

* Hours, FTE, square feet, etc.



Agency Goals and Key Performance Metrics

Goal		Metric	FY 22 Actuals	FY 23 Actuals	FY 24 Target	FY 29 Target
1	Amount Saved by OK Major Sources (\$ in millions; based on OK Title V program compared to a Fed Title V program & fees)	Statewide goal: AIR (B0200) DEQ Goal #4, AQ-PM2 DEQ Program: Title V – AQD (50)	\$1.4M	\$1.5M	\$1.6M	\$2M
2	Gallons of Sewage eliminated from the Environment (Millions)	Statewide goal: Land (B0202; but affect B0201 & A0102 also) DEQ Goal #3, EC-PM11 DEQ Program: Private Sewage - ECLS (30)	10.8M	11.5M	11.5M	11.5M
3	Amount of Low Interest Loans Provided to Public Water Supply Systems to Help Compliance With Safe Water Drinking Act (Millions)	Statewide goal: Food & Water Safety (A0102) DEQ Goal #1, WQ-PM12 DEQ Program: DWSRF - WQD (55)	\$262,686,953	\$82,387,225	\$30M	\$30M
4	Percent of Public Water Supply Facilities In Compliance With Drinking Water Requirements	Statewide goal: Food & Water Safety (A0102) DEQ Goal #4, AQ-PM18 DEQ Program: Public Water Supply – WQD (55)	94%	95%	96%	96%
5	Number of Acres for Which Remediation Was Completed at Highly Contaminated Sites	Statewide goal: Land (B0202) DEQ Goal #1, LP-PM16 DEQ Program: Remedial Programs – LPD (61)	237	168	100	100



Projects for FY 2024 - 2025

Projects

- 1) Demolition and potential replacement of the DEQ parking garage.
- 2) Revenue Management process improvements and invoicing software replacement.
- 3) Completion of the transfer agency electronic documents from current document retention software Edoctus to State-wide OnBase and decommission the use of Edoctus.

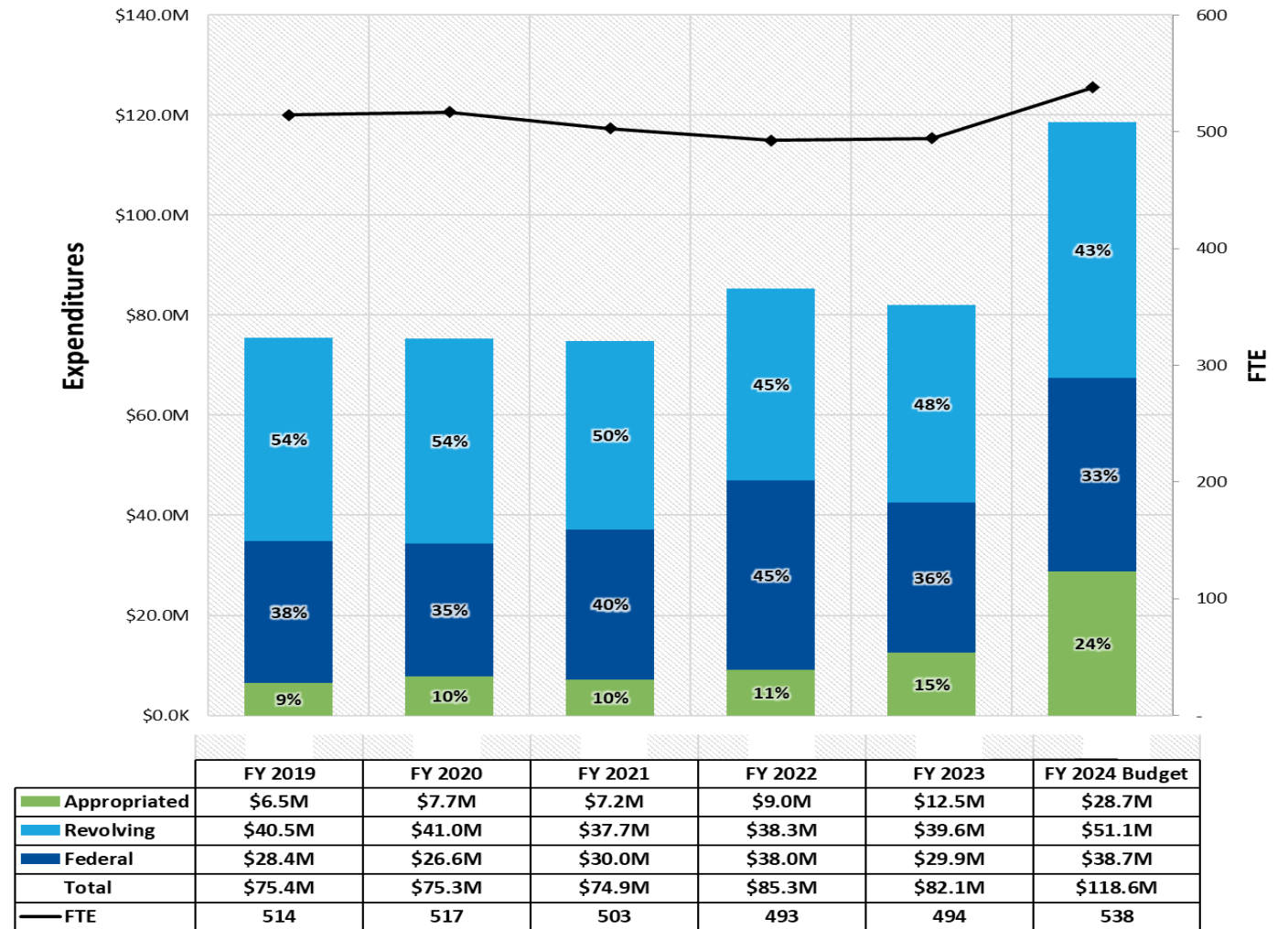


Historic Actual Expenditures (FY 2019-23) and Current Year Budget (FY 2024)

Explanation of Significant Changes and Trends

Appropriated variances have been carried forward to FY2024. We were provided \$10,000,000 in State Appropriated Funding for Rural Water Infrastructure Grants. Because of initial establishment of program structure, timeline and supply chain issues, only 35% has been expended. The balance is being carried over to FY2024 to be completely paid out by 6/30/2024. In both Federal and Revolving funds; many projects are still delayed due to various factors. The projects will be completed; grants (and revolving match) will be utilized. Additionally, DEQ is still experiencing delays in federal approval for certain awards to align expenditures with budgeted projections.

Historic Actual Expenditures and Current Year Budget



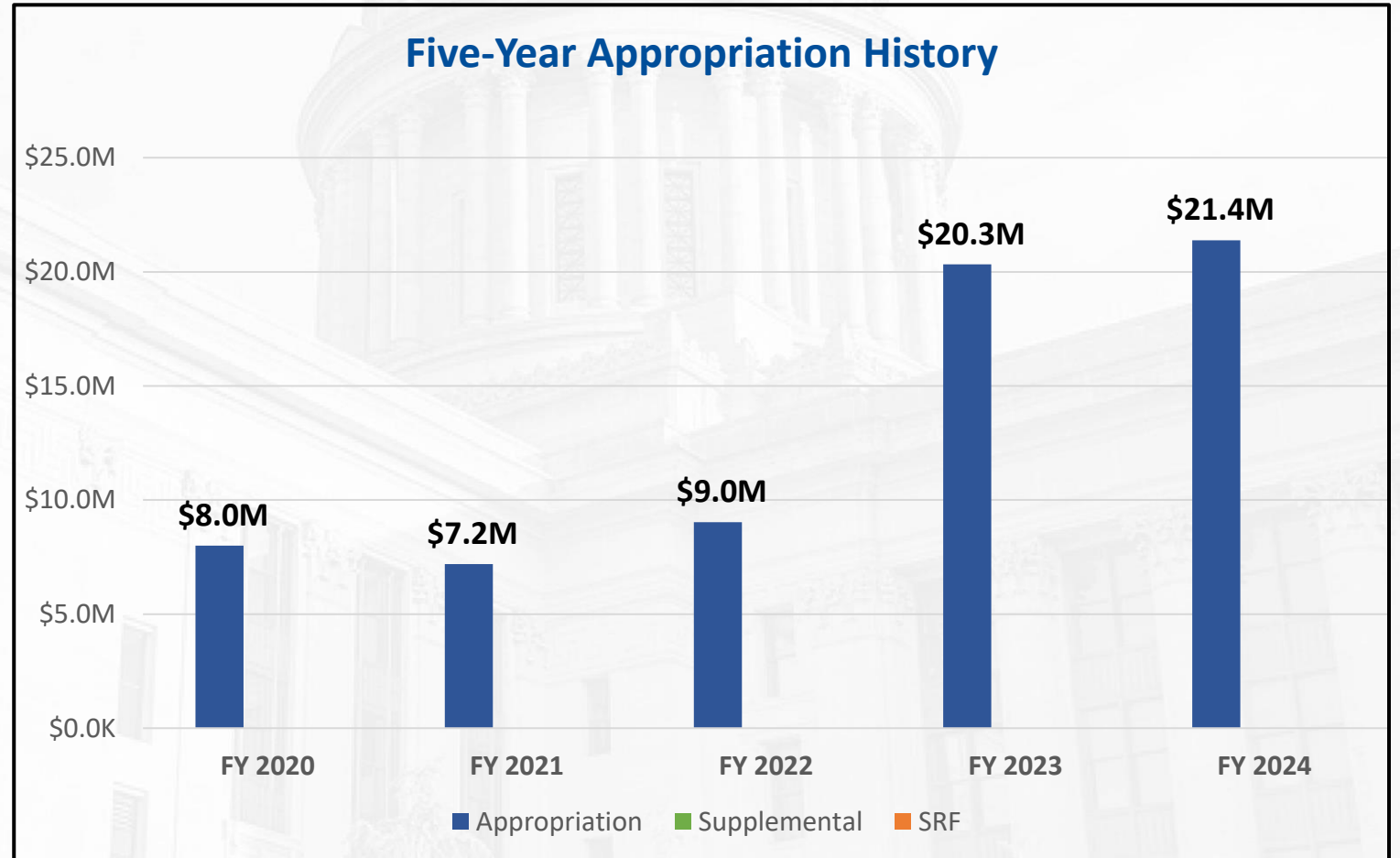


FY 2024 Budgeted Full Time Equivalents (FTE)

	FY 2024 Budgeted FTE
Total FTE	538
Supervisor FTE	108
Supervisors to Total FTE Ratio (%)	20%

Appropriation History

Fiscal Year	Legislated Appropriation (\$) (Includes supplementals and SRF/ARPA.)
FY 2020	\$8,009,249
FY 2021	\$7,188,879
FY 2022	\$9,027,346
FY 2023	\$20,322,643
FY 2024	\$21,384,643



**Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.*



Financial Resource Analysis

Carryover	FY 2020	FY 2021	FY 2022	FY 2023
Total appropriated carryover amount expended (\$)	\$0	\$252,396	\$507,082	\$7,313,929

Historical Cash Balances	FY 2020	FY 2021	FY 2022	FY 2023
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$8,018,620	\$10,148,138	\$16,063,938	\$18,095,173

Class Fund # <i>(Unrestricted only)</i>	Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)
#		\$
#		\$
#		\$
#		\$
#		\$
#		\$
	Total Current Unrestricted Fund Cash balance:	\$

Fiscal Year	Agency's plan to deploy unrestricted cash (including amounts):
FY 2024	All of DEQ's funds are restricted for specific purposes; however, for DEQ's proposed FY2024 budget and DEQ's proposed Indirect Cost Rate negotiations with EPA DEQ will need \$1,031,669 for FY2024.
FY 2025	Special note: For any FY, DEQ's revolving fund balances are projected during budget exercises and available balances are allowed to be budgeted in the upcoming FY to maintain services without experiencing budget cuts where applicable. Some programs experience budget cuts due to revenue shortfalls.
FY 2026	



Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method, or donor restriction.

FY 2022 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2022				
Oklahoma Rural Water – Water Loss Audits	\$1,000,000	Yes	Yes	
SELS Analysis and Quality Assurance 2 FTEs	\$187,409	Yes	Yes	
SELS Customer Assistance 3 FTEs	\$281,116	Yes	Yes	
ECLS Field Position 1 FTE	\$84,942	Yes	Yes	
WQD Public Water Supply Compliance 2 FTEs	\$190,000	Yes	Yes	
WQD Public Water Supply Capacity Development 1 FTE	\$95,000	Yes	Yes	
Total Adjustment	\$1,838,467			

**Do not include SRF / ARPA appropriation increases.*



FY 2023 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2023				
Rural Water – Rural Infrastructure Grants	\$10,000,000	Yes	Yes	
ECLS Field Positions 3 FTEs	\$295,297	Yes	Yes	
Oklahoma Rural Water – Water Loss Audits	\$1,000,000	Yes	Yes	
Total Adjustment	\$11,295,297			

**Do not include SRF / ARPA appropriation increases.*



FY 2024 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2025 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2024				
WQD Public Water Supply 7 FTEs	\$531,000	Yes	Yes	
Parking Garage Demo	\$531,000	No		
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
Total adjustment	\$1,062,000			

**Do not include SRF / ARPA appropriation increases.*



Budget & Supplemental Request Summary

Request Name		FY 2025 Appropriated Request Amount (\$) {or FY 2024 for Supplementals}	Type of Request: Operating, One-time, or Supplemental
1	Replace DEQ Parking Garage	\$16,000,000	One time Request
2	State Environmental Lab Services (SELS) requests one (1) full-time employee (FTE)	\$88,995	Operating
3	Environmental Complaints and Local Services (ECLS) requests two (2) full-time employees (FTE).	\$163,728	Operating
4	Water Quality Division (WQD) requests three (3) full-time employees (FTE).	\$270,320	Operating
	Total of all Requests	\$16,523,043	



(1) Budget Request

Replace DEQ Parking Garage	
Type: One-Time	\$ Amount Requested for FY 2025 \$16,000,000
<p>Describe why these funds are needed. DEQ is responsible for the maintenance of agency owned facilities, which includes a parking garage and surface lot for customer and employee parking. Due to legislative sweeps totaling \$33 million, we no longer have the funds to complete the replacement of the rapidly deteriorating parking garage. The garage has reached a critical point where we have had to close floors five and six due to a punch-through and falling concrete. Additionally, the parking garage has a total of 324 spaces; we have had to close 170 or 52% of the parking spaces throughout the garage due to concerns of falling concrete and potentially additional punch-through holes. This request is urgent and cannot be further delayed as it has reached the point that the agency has made the decision to demolish due to on-going safety concerns. The agency has had to locate additional parking to relocate displaced employees. The surrounding area has very few options for parking and DEQ is unable to locate enough parking to accommodate our entire staff therefore we are forced to implement increased teleworking due to availability of parking spaces.</p>	



(2) Budget Request

State Environmental Lab Services (SELS) requests one (1) full-time employee (FTE)

Type: Operating

\$ Amount Requested for FY 2025 \$88,995

Describe why these funds are needed. State Environmental Lab Services (SELS) requests one (1) full-time employee (FTE) to maintain capacity to support the Principal State Laboratory (PSL) functions. This would allow the laboratory to meet sample demand related to: the success of the Lead Testing in Schools & Childcare Drinking Water Program, the start of the Safe Drinking Water Act (SDWA) revised Lead and Copper Rule (LCRR), analysis of contaminants of emerging concern, the promulgation of new regulations and testing technologies, participation in the fifth Unregulated Contaminant Monitory Rule (UCMR5) including per- and polyfluoroalkyl substances (PFAS) testing, and deployment of SELSD's new mobile laboratory to increase emergency response and technical assistance capabilities. This additional funding would increase laboratory capacity, resulting in improved effectiveness of various Divisional programs. In addition, it will result in higher sample loads and a modernized scope of testing, resulting in higher revenue and a more self-supported Divisional budget. Lastly, it will result in cost savings to Public Water Systems that are able to complete remedial work in advance of LCRR implementation and lower administrative cost of issuing Notice of Violations (NOVs).



(3) Budget Request

Environmental Complaints and Local Services (ECLS) requests two (2) full-time employees (FTE).	
Type: Operating	\$ Amount Requested for FY 2025 \$163,728
<p>Describe why these funds are needed. Environmental Complaints and Local Services (ECLS) requests two (2) full-time employees (FTE). ECLS operates with a total of 58 field staff; the current workload of the division requires 67 field staff to perform the required tasks and provide quality service to the citizens of Oklahoma. The increasing workload is not sustainable at current staffing levels. An increase in field staff will allow ECLS to provide appropriate program oversight, while also assisting Water Quality Division meet their goals related to several public drinking water programs such as lead in schools and lead service line inventory. Additional staff will provide technical assistance to small rural water and wastewater facilities as well as assisting them with applying for funding such as the Rural Infrastructure Grant (RIG) or Bipartisan Infrastructure Law (BIL) funds. The number of requested on-sit services related to the installation and repair of septic systems remains near record levels.</p>	



(4) Budget Request

Water Quality Division (WQD) requests three (3) full-time employees (FTE).	
Type: Operating	\$ Amount Requested for FY 2025 \$270,320
<p>Describe why these funds are needed. Water Quality Division (WQD) requests three (3) full-time employees (FTE). The Oklahoma Water Quality Standards (WQS) program was transferred to DEQ from the OWRB. House Bill 3824 and Senate Bill 1325 (February – May 2021 Session) contained no funding for implementation. DEQ will use the funding to implement WQS and WQS Variances as appropriate as required by the statutory change. DEQ used existing staff in multiple divisions to assist with the needed rule making for this program. EPA has informed DEQ of program deficiencies that were not addressed by OWRB prior to the transfer. Additionally, the regulated community is requesting changes on a routine basis.</p>	



Appendix

DEQ Parking Garage



- Total spaces 324
- As of 11/13/2023, only 154 or 48% of spaces are useable
- Inspected by a structural engineer on a quarterly basis; spaces and areas are closed when identified as high-risk.
- Currently, lease 224 spaces for employees and customers, at a cost of \$198,708 per year.



Oklahoma Brownfields Program

Brownfield remediation in Oklahoma has returned valuable property, including both downtown metropolitan areas and rural zones, to productive use. This remediation has significantly increased economic activity, employment, property values and taxes for both the brownfield properties as well as bordering properties. By returning land to productive economic use.

For 78 sites remediated, the Brownfields Program has led to:
(since 1998)

705 NEW ESTABLISHMENTS
112% INCREASE

5,181 NEW JOBS

\$247M NEW ANNUAL PAYROLL
(INFLATION ADJUSTED)

\$1.2B PROPERTY VALUES
\$13M PROPERTY TAXES/YR



Scissortail Park, Upper Park (Credit: City of Oklahoma City)



137% INCREASE IN EMPLOYMENT

FROM 1998 TO 2022

More than **eight** times Oklahoma's employment growth
More than **six** times the national employment growth

\$41.5M
INCREASES IN STATE SALES TAXES

583%
RETURN ON INVESTMENT
IN FEDERAL FUNDS 2001-2022

