

Good Morning Chairman Citta and Commissioners

I am pleased to be serving Nebraska as your Director of the Department of Environmental Quality. I have been traveling the state extensively, meeting with industry leaders since my appointment on March 9, 2015. I have been warmly welcomed and have enjoyed listening and learning about how we can work together better to protect the environment and grow Nebraska. I am focusing on 3 issues for the Department

- Providing exceptional service
- Focusing on compliance assistance and
- Demonstrating accountability through performance measures

We are in the process of final development for internal and external measures of performance. I am encouraged the Department has a well-established framework to capture the information necessary for implementing these measurement tools. I am confident measuring and reporting on key areas of our work will make us a better functioning organization, and in turn maximize the compliance achievable with the resources we are entrusted with.

I will briefly discuss some key issues and give brief agency updates:

### **Tyson Rulemaking Petition Withdrawn**

At last Council meeting, Tyson Foods Inc. proposed a petition to exclude certain discarded leather products (gloves) from being considered hazardous waste.

- The EQC voted to initiate rulemaking; originally planned to conduct a hearing at this meeting.
- A regulatory determination and subsequent resolution was reached between NDEQ and Tyson
  - o NDEQ determined that Tyson's products are covered by regulatory exclusion for scrap leather
  - o This exclusion is for waste scrap leather from leather tanning and manufacturing industries in Title 128 -Nebraska Hazardous Waste Regulations
- Based on NDEQ's determination, Tyson Foods withdrew their rulemaking petition.

**Avian Influenza** NDEQ staff has provided amazing assistance work on this difficult issue. I applaud David Haldeman, Joe Francis and the NDEQ team for exceptional performance.

There are four sites in northeast Nebraska that has impacted about 4 million birds.

- NDEQ is coordinating with the Dept. of Agriculture, Dept. of Health and Human Services and NEMA. NDEQ's focus primarily involves carcass disposal and stormwater issues.
- We've been involved with the Dept. of Ag for years regarding the disposal requirements associated with mass mortality of livestock.
  - In 2004, we worked with Ag to develop an overall Contagious Animal Management Mortality Plan.
  - In 2007, we specifically targeted poultry operations and identified acceptable burial sites on their property.
- NDEQ and the other agencies involved are focused to ensure contaminated materials remain on the property. We do not want to risk off-site contamination due to transportation issues.
- The next task is to work proactively with all animal industry sectors to make similar plans for significant mortality. We will also work to help our neighboring states by sharing our work and helping to develop a regional plan.

### **General Permits for Air's Construction Permit Program**

One of our goals is to find efficiencies within the agency and reduce permitting backlogs. One of the proposed amendments you will hear today is aimed at achieving that goal. The air program is proposing to expand the authority to develop general permits from just the operating permit program to also the construction permit program. I have challenged the air program to find other ways to reduce the permitting backlogs. An option that may be on the-table includes extending the term of the Class II operating permits from 5 years to maybe 10 years or longer.

### **Other Air Issues**

Over the next year, there could be some significant challenges in the air program. The EPA is expected to release the Clean Power Plan sometime this summer as well as revisions to the ozone standards this fall. With these challenges, it becomes more critical for small agencies such as NDEQ to retain skilled, well-trained, capable staff.

### **Funding**

I presented this year's budget to the appropriations committee. I am happy to report the Governor's recommendations and our requests were adopted.

NDEQ retains several areas of funding that have substantial cash balances. We are working on better methodologies to distribute the Aid as allocated and better serve our

grantee's and award **AND EXPEND** funding more timely. We have developed a 6 month award cycle where we award approximately half of the anticipated funding, making certain the dollars are properly expended and award the remaining grants. So far most communities/grantee's like the approach and are better utilizing these financial resources. Where we have heard some concerns -we have extended the time necessary to properly expend the funds. Measurement of this process will illustrate if we need to make further adjustments.

We did experience a 1 million dollar fund shift from waste reduction funding to the general fund. I anticipate more of these fund shifts through the appropriation process if we do not aggressively manage the expenditures and lower the fund balances significantly.

**Other items:**

Approximately 61 Of 217 staff is retirement eligible in the next 5 years. We have experienced more retirements this year than we anticipated.

I am one of a few cabinet members that have been asked to serve on the Governor's Grow Nebraska initiative. We have made substantial progress in our planning and look forward to unveiling a cross-departmental plan in the near future.

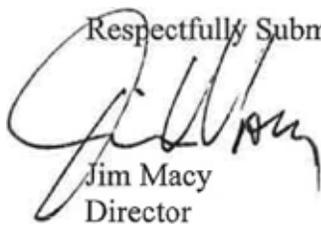
We are working with EPA in a cooperative manner on our Performance Partnership Agreement and the next grant cycle.

We have sent EPA our concerns about the upcoming Clean Power Plan, Ozone Attainment standards and other issues.

Staff has been working diligently as we wrap up our fiscal year and we look forward to a new fiscal year.

In Conclusion:

I want to thank you for your attention and your service as commissioners. We appreciate your continued service and I personally look forward to visiting with each of you to better understand how we work and Grow Nebraska together.

Respectfully Submitted  
  
Jim Macy  
Director