

DRAFT
HAZARDOUS WASTE USER CHARGE (HWUC)
STAKEHOLDER WORKGROUP MEETING SUMMARY
February 16, 2012

Meeting Time and Location: 1:00-4:00 p.m.,
Rachel Carson Conference Room, Constitution Hall, Lansing, Michigan

Meeting Attendees: 11 stakeholders at table (Mike Takacs represented Scott Maris); 7 stakeholders on the telephone (Allison Harrison for Terry Burns); and 6 Department of Environmental Quality (DEQ), Resource Management Division (RMD), staff at the table.

Members received handouts: History of Hazardous Waste Expenditures by FY & by items, by FTE, Pollution Prevention Fund FY 11 Summary, FY11 Transportation Permit Fund Summary; Import-Export Info in tons; and the Fee Schedule for HWUC.

Introductions were made around the room and on the telephone. Liane Shekter Smith, DEQ, RMD welcomed the workgroup and gave an overview of the presentations that will be presented by several DEQ staff.

The Office of Regulatory Reinvention (ORR) Report suggestions by the RMD were discussed. The ORR Report includes a recommendation to the DEQ to look at the User Charge system to ensure that it is fair, simple, and timely. This recommendation is being fulfilled by convening this workgroup.

Electronic reporting was discussed. The idea of using e-signatures was a part of the discussion; however, the federal government has not finalized that tool so states remain on hold at this time. Staff stated that they are pursuing electronic submittals of data. The workgroup thought an e-signatures feature on the Site Identification form would be beneficial. Other proposed candidates for e-signatures would be for the biennial reports and for monthly operating reports. Information was shared that there are processes currently established for some federal documents such as the EMOR in drinking water.

The workgroup asked what manifest information is not captured on the biennial report. It was explained that a manifest is a real time check and that both the generator and TSD copies are on file. Auditing purposes uses the manifests and it is important to have the information. The biennial report has mandatory information that the EPA requires, not all of the information is useful to Michigan. Michigan tries to make the biennial report as close to our existing manifest process to keep it from feeling like two separate universes. The DEQ District staff like to use the manifest information for inspection purposes. The workgroup mentioned that there is a lot of manifest reporting currently being requested from Michigan. It was shared that the biennial report was originally a subset of the CAP program and that program has been dissolved and the EPA has not cleaned up the fallout of which the biennial report is one of those items. Staff shared that many manifest database information pulls are used internally for various reasons. Staff agree that the manifest information beneficial.

It was shared that the Uniform manifest form requirement for LIW is being discussed likely to be replaced with a Bill of Lading for non-hazardous waste.

A discussion on the Financials was the next topic brought before the Workgroup.

Handout: Shows the Revenue on top/expenditures on bottom. The handout reflects the groupings of money and how it has changed over time and where the money goes, it goes on to bring the focus down to the HWUC. Fiscal Year (FY) 12 or 13 numbers are not included as they are not known until February-March each year. Federal funding has been consistent over the years 2005-2011. The SEEP allocation is shown as a separate line as the money is set aside for that category which is an important aspect to the Hazardous Waste program. It was mentioned that if State employees had to be hired to fill those positions that it would be very difficult with the Division's budget. Note that there is a split of 75/25 on the grant.

It was explained that the EPP Fund is the fund where the user charge fees are found. \$1.6M was the original target for the user charge fees from the initial discussions in 1998. The General Fund (GF) had been used for the shortfall over the years as the user charge fees never generated \$1.6M, but the GF support has been eliminated. Site Identification revenue is also included along with any interest accrued.

Staff stated that the Transporter program is self sufficient.

In FY12 \$725,000 of the GF was eliminated. A surplus fund shift of \$2 million from another program into the HW Program is keeping things running to buy time for the stakeholders to propose a plan.

The expenditure side of the financial picture was discussed and the fact that there is no carry forward ability. All of the Federal dollars are spent each year. GF also has no carry forward mechanism. Looking at the EPP expenditure compared to revenue line – it exceeds most years. The EPP does allow a carry forward. The RMD in the past liked 25% of funds in the category at the start of each year but that has not occurred for many years. Staff explained that the FY10 and FY 11 spending change was due to the early out retirements in December 2010 and no vacancies were filled as the bailout option was not certain. A geologist and district inspector may be filled in the near future but other positions remaining vacant are a secretary, an EQA, a technician, and a HW Supervisor.

Pie chart Handout shows the distribution of the various revenue streams. The RMD does not make things; the Division's activities include the districts performing inspections/sampling, staff salaries, training, travel, and rent/DIT costs. The DEQ was built on GF support which paid for the executive office, lights, water, etc. but as the GF was cut it had to be transferred to the divisions by cost allocations which were not fair in the past but has been recently corrected to be between all Divisions now.

Staff explained the UC fee sunsets and the legislative reports built into the program. It is anticipated that those items would be included into any future program.

Rich Conforti was invited to join the group to answer import/export questions.

Staff shared the agency funding history that will be posted on the Workgroup link. A history of the Division was also shared.

Handout: Average cost of FTE was explained. FY11 \$130,000; FY12 \$145,000, FY13 \$155,000. The increase includes the Governor's wish to fund the retirement costs for employees OPEB 9.3%.

Handout: Fund Summaries – Environmental Pollution Prevention Fund and Hazardous Transportation Permit Fund. The Dow arrangement CERCLA order on the River was shared as that project will be

ongoing for future years. The numbers were explained. There were no questions from the workgroup.

Handout: Fee Schedule of HWUC. The Statute allows fee collection. The Site Identification Number for initial notifications is a \$50 fee as well as for new requests for LIW numbers and emergency numbers requested. This has been consistent over the years. Subsequent Site Identification record changes have no fee. The Workgroup asked if Administrative costs were involved and staff responded with a Yes. The question was raised about if the revenue captured by the \$50 fee covers those costs. The SEEPS run this task but also do other tasks and that assistance is valuable. The bigger picture will be discussed at a future meeting. Staff shared that Site Identification fees generate approximately \$90,000 annually and the cost is higher but we are receiving federal dollars for the SEEPS. Staff shared that credit card payments are allowed but that is another cost to the RMD.

The HWUC is invoiced annually for a HW generator status and HW manifests from the previous calendar year. The group asked about the inspection schedule and staff provided that information. There is an \$85,000 annual contract for the manifest data entry. Staff explained the aspects that qualify a user charge to apply to a specific company/location. The Used oil fee was explained. TSDf Universe – 240 TSDfS are on the books but not all of them are alike as there are various scenarios. The manner in which they are coded will impact the HWUC fee.

For the Leg/Op codes there are five categories:

- 1) Licensed TSDfS taking waste
- 2) Licensed, not operating, post closure or CA obligations, not accepting waste
- 3) TSDf, clean closed, but on the books due to RCRA
- 4) TSDf that closed in early 90s are a mystery
- 5) TSDf, clean closed that have CA
- 6) Referred to CERLA or Superfund

The Workgroup asked if all TSDfS receive a \$2,000 HWUC? Staff responded with a No, only operating licensed TSDfS.

Three mailings have gone out to the TSDfS to let them know what category they are showing in the database.

The group asked where the staff time is being spent. Staff responded.

Future Conversations:

Discuss the hazardous waste program scope and funding in Region V states along with a few additional states.

Next meeting: Other State information.

What do other programs look like?

How are other programs funded?

What should MI core program look like?

How much money will be need to be raised?

Future meeting date discussion. Next meeting is set for March 8, 2012 from 2-4:30 p.m. in the Rachel Carson room, Lansing. Members discussed a change in the three week meeting schedule to

doing a two week interval in order to reserve an available room and to compensate for holiday issues (March 22 1-4 pm)? This change was approved.

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