

**Testimony of Chris Korleski**  
**Director, Ohio EPA**  
**before the**  
***House Finance Subcommittee for Agriculture and Development***

**March 12, 2009**

Mr. Chairman, Ranking Member Goodwin, and members of this subcommittee, I am Chris Korleski, Director of the Ohio Environmental Protection Agency. I'm very pleased to be here this morning, and I thank you for the opportunity to testify on Governor Strickland's budget proposal for Ohio EPA for fiscal years 2010-2011.

As I often tell my staff, it isn't necessary for anyone to read our mission statement to understand what the Ohio Environmental Protection Agency is charged to do. Very simply, we protect the environment and public health. We do so by trying to ensure that Ohio's citizens have clean air to breathe and clean water to drink; that they have a clean landscape and clean waterways in which to work and play, and that wastes are properly limited, controlled and managed.

At the same time, however, there can be no question about the very significant role that Ohio EPA plays with respect to Ohio's economic development and economic prosperity, primarily through the issuance of various types of permits and approvals that businesses need to get established, and to grow and expand. Indeed, two years ago when I stood before this committee, I emphasized my belief that we must find and maintain the necessary balance between environmental protection and economic development. And, I outlined a number of priority projects that I intended to focus on that would enhance Ohio's environment **and** Ohio EPA's ability to promote environmentally responsible economic development. Today, I am proud to stand before you and briefly recognize improvements and accomplishments that Ohio EPA has made in the last two years, and that will continue into the next biennium.

- After seven years of hard work, including extensive input from stakeholders, our Division of Air Pollution Control combined the air permit-to-install (PTI) and air permit-to-operate (PTO) into one permit known as the permit-to-install and operate (PTIO). This will significantly reduce duplicative and redundant work by both the applicant and the agency. This stream-lined permit for smaller air pollution sources will also reduce paperwork and costs for applicants.
- The Division of Surface Water reorganized our 401 water quality certification program (which deals with water quality, wetlands and antidegradation) to better

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accommodate the high volume of applications being received for construction related projects in wetland areas. A small group within the division was created to focus exclusively on applications submitted by the coal industry. This reorganization has eliminated the backlog of overdue coal certifications, and has also significantly reduced the number of pending 401 water quality certifications for non-coal projects. This effort continues to be a priority of mine.

- While working to improve permitting efficiency, Ohio EPA staff have also worked incredibly hard to issue multiple environmentally-protective permits to large economic development projects. On several large-scale projects, my staff utilized new models of cooperation and communication to keep on target with permit-related tasks to help meet aggressive construction start goals for each project. Ultimately, we efficiently and successfully issued timely air, water and waste permits for very large economic development projects including: AMP Ohio in Meigs County, Sun Coke in Middletown, Beard Energy in Columbiana County, and New Steel International in Scioto County. We have had such success with this permitting approach that I anticipate it becoming a standard way of doing business for us, particularly with large development projects. However, candor compels me to tell you that notwithstanding the diligent work of my staff, none of the four projects described above have yet commenced full construction, but we are hopeful, like all of you, that an economic turnaround will make these projects a reality for Ohio.
- Ohio EPA has also upgraded to new on-line technology that allows for a more efficient way of submitting permit applications and reports via the eBusiness Center. Our Division of Air Pollution Control replaced a more antiquated electronic system with our new Air Services technology. In addition, the Division of Surface Water offers dischargers the option to report water quality monitoring data electronically through eDMR (electronic discharge monitoring report). Air Services and eDMR are web-based and, once fully and successfully implemented, will save businesses valuable time in preparing and submitting information. Indeed, notwithstanding some of the current (and expected) “bumps” we are experiencing with the launch of these new systems, many companies have already taken advantage of them. We are also planning to bring drinking water electronic reporting and solid waste fee payment into the eBusiness Center in the coming year and are excited about the potential to further expand the center to make it easier for businesses to do business with us.
- Over the past biennium, Ohio EPA has successfully completed numerous site specific clean-ups. For example: Ohio EPA in coordination with the US Army Corps of Engineers, finalized the stabilization of the bank of the Licking River in Newark to stop the erosion of aluminum dross waste into the river. The scrap tire unit within the Division of Solid and Infectious Waste Management wrapped up oversight of the Kirby Tire fire site in Wyandot County, where more than 25

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million scrap tires were removed. Over the past two years, the Division of Emergency and Remedial Response which oversees part of the Clean Ohio Fund, finalized 48 *covenants not to sue*, thus issuing a clean bill of health to many sites that have been revitalized as economic development projects. Also finalized, after more than 20 years, was a Natural Resource Damages suit for the Fernald site in Southwestern Ohio. The settlement guarantees more than \$27 million in natural resources restoration work at and near the former uranium processing plant.

- During the last biennium, Ohio EPA has awarded close to \$750 million in low-cost financing for a wide variety of wastewater infrastructure projects geared toward water quality improvements. Ohio EPA has also invested more than \$130 million in improvements to public drinking water systems. Additionally, Ohio EPA is now hard at work analyzing over 3600 drinking and wastewater projects that were submitted to us within the last few weeks to help determine how to direct over \$276 million from the federal stimulus package that will be made available to Ohio.
- During the last two years, Ohio EPA has also embarked on creating two new innovative voluntary programs: *Tox-minus* and *emission reduction credit banking*. *Tox-minus* is a voluntary chemical emission reduction program that focuses on 100 of Ohio's top toxic chemical emitters. Facilities currently participating include some of Ohio's largest manufacturers and a broad range of industries, including auto manufacturers, steel plants and utilities. The emission reduction credit banking program essentially creates a transparent "bank" of emission reduction credits that are available to businesses that may be seeking to locate or expand within Ohio's air non-attainment areas. Being able to more readily identify emission reduction credits for specific areas allows business to better plan their new or expansion projects.

I am very proud of the progress Ohio EPA has made in the last two years. But, as we all know, there will always be more work to be done. And that brings me to the matter at hand – the budget proposal you have before you.

This proposal reflects a lean budget, but one that will allow the agency to continue to provide essential operations. Our FY 2010 proposal of approximately \$206 million reflects a 2% reduction from our FY 2009 budget, and our proposed FY 2011 budget of roughly \$208 million reflects a 1% increase over FY 2010 (albeit still a 1% decrease when compared to FY 2009.) Further, this proposed budget request contains no general revenue funding (GRF). If passed in its current form, Ohio EPA will be completely independent from the GRF. In order to operate at this level, and to do so via our self-supporting approach, it is unfortunate, but imperative, that Ohio EPA raise some of our existing fees. As you can see in the chart below, our increased fees on Municipal Solid Waste (MSW) and Construction and Demolition Debris (C&DD) will be split with the Ohio Department of Natural Resources (ODNR). The portion of the fee increase coming

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to Ohio EPA will be used to maintain 81 existing positions currently paid for out of the Environmental Protection Fund. This fund replaced GRF four years ago and provides funding for many of our agency resources.

	<b>Current Fee</b>	<b>Increase</b>	<b>New Fee</b>	<b>Revenue Generated</b>
Municipal Solid Waste	\$3.50/ton	\$1.25/ton  (\$1 to Ohio EPA and \$.25 to ODNR)	\$4.75/ton	\$13.5 million annually for Ohio EPA  \$3.4 million for ODNR Soil and Water District Fund
Construction and Demolition Debris	\$1.70/ton	\$2.70/ton  (\$.45 to Ohio EPA and \$2.25 to ODNR)	\$4.40/ton	\$1.8 million annually for Ohio EPA  \$9.2 million annually for ODNR Soil and Water District Fund

Also included in this budget request is an increase in our current tire fee to pay for the motor vehicle emissions testing program in Northeast Ohio. Currently, Ohio EPA collects \$1.00 on every new tire sold in Ohio. This fee is used to abate abandoned scrap tire sites across the state. The increase of \$2.30 on each tire will replace the GRF cash transfer that is currently funding the motor vehicle emissions testing program.<sup>1</sup>

In regards to the fee increase on waste disposal, all Ohioans benefit from a clean environment and the wastes generated by citizens, industries and cities, if not properly regulated and disposed of, can have significant impacts on our air, land and water. Imposing a fee on waste disposal makes sense since many disposal facilities and/or the waste generators themselves will share in the cost to protect human health and the environment.

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<sup>1</sup> Ohio EPA also has a pending request for proposal (RFP) for the continuation of a testing program due to federal requirements for moderate non-attainment areas. This new RFP is more broadly written, allowing for applicants to submit testing programs that can be centralized or decentralized. The current testing program is centralized, with fixed testing locations. This RFP could allow for a decentralized program in which motorists could possibly get their cars tested at their local service station or oil change location (i.e. Jiffy Lube). Due to federal air quality standards, a vehicle emissions testing program must be maintained in Northeast Ohio for at least the next biennium. It is my sincere hope that air quality trends continue to show improvements and that in the not too distant future Ohio EPA could petition US EPA to redesignate Northeast Ohio, thus eliminating the need for a vehicle emissions testing program.

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In the past 10 years, there has been a slow and steady increase in out-of-state waste disposed in Ohio. Approximately 20% of the MSW and we estimate approximately 50% of the C&DD waste currently disposed of in Ohio is from out-of-state because the cost of disposal in Ohio is lower than in the northeastern states from which most of it comes. Even with the increase in the state disposal fees, the overall cost per ton of waste disposal for MSW and C&DD in Ohio will still generally be lower and/or competitive with our neighboring states. Where waste is coming into Ohio from other states, those out-of-state generators of the waste are helping to contribute to Ohio's environmental programs.

Without these fee increases, Ohio EPA will not be able to maintain current operations. I want to assure you, however, that Ohio EPA strives to manage the resources we are provided in an efficient and responsible manner and does not seek additional fees without critical evaluation of our real staffing needs. Part of that process involves critically evaluating every position that becomes open to determine whether the functions of that position can be carried out in a more efficient way. During the last biennium, that evaluation allowed us to permanently eliminate 32 positions (unfilled vacancies). During our planning for the upcoming biennium, that evaluation has enabled us to identify an additional 33 positions (unfilled vacancies) that will be eliminated to partially offset the effects of lower fee revenues that we have experienced. I have emphasized to my staff that we will live within our means and focus on priority areas by using existing staff and filling only a small number of vacancies.

Notwithstanding our lean budget, over the course of the next two fiscal years it is my hope to continue to devote staffing resources to air and water permitting, given the importance of these permits to business growth. As I mentioned earlier, we have made great strides in reducing our permitting backlogs, but there is still work to be done and I intend to redirect more resources towards that end. We need to be prepared for when the economy begins to rebound and the number of permit applications increases. I am also focused on expanding our small business outreach program through Ohio EPA's Office of Compliance Assistance and Pollution Prevention. And finally, I hope to devote additional attention to the issue of climate change. Currently, Ohio EPA has one person expending 20% of their time on climate change. We need to devote more resources to this issue, as we need to prepare for the national discussion that is about to take place. It is crucial for the state of Ohio to be engaged on a national level while climate change legislation is being debated by the federal government to insure our economic and environmental interests are considered.

While we focus on some emerging issues, without these fee increases some vitally important areas of protecting human health and the environment could greatly suffer. The Division of Drinking and Ground Water would have to substantially reduce its oversight of Ohio's public water systems and will not be able to ensure compliance with all safe drinking water requirements. Without these fee increases, the Division of Surface Water's ability to evaluate stream health and develop restoration plans which aid in stream cleanups will be impaired. Permitting in both the Air Pollution Control and

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Surface Water divisions would also slow down significantly due to a lack of resources. I am very concerned that without these fee increases, some of our progress made in permitting efficiency could be lost. I would also note that a great partner to our agency is the Local Air Agencies. They are heavily relying on these increases to fund their work which includes inspecting facilities, responding to citizen complaints and reviewing air permit applications needed by businesses wishing to build or expand.

In conclusion, I do not make the request for an increase in fee revenue lightly. I hope I have demonstrated to you my commitment and that of my staff to achieving successes in a number of areas that are important to the economic vitality of Ohio. I have focused on expedited permitting and permit backlog elimination while encouraging the divisions to find opportunities to find efficiencies where possible. I want to continue to make progress and maintain the achievements that have been made but will need the additional fees I have outlined in order to continue those efforts.

Thank you for time and I would be happy to answer any questions you may have for me.