

CHAPTER 1:

Agency Overview

The Nebraska Department of Environmental Quality was created pursuant to passage of the Nebraska Environmental Protection Act in 1971. Although the Department has grown and been given additional responsibilities over the years, its ongoing mission has remained the same — the protection of Nebraska's air, land and water resources. Presently, the Agency is authorized a staffing level of 215.25 full-time employees.

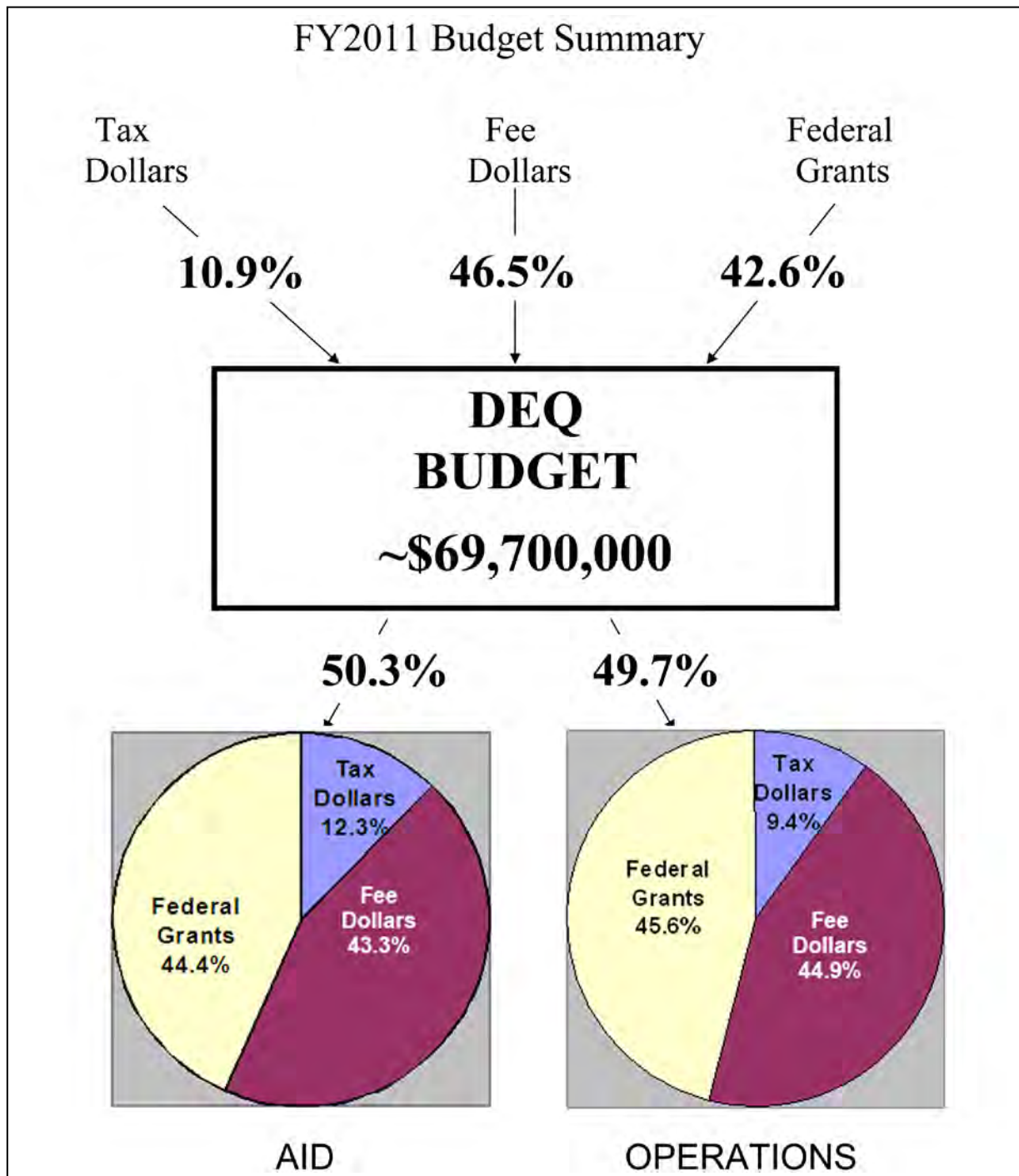
The Department has a total annual budget for FY11 of approximately \$69.7 million. This includes money collected from state taxes, fees and federal grants. Of that amount, \$35.1 million is redistributed to other agencies, organizations and individuals in the form of aid (grants and loans). In addition, NDEQ expects to receive and redistribute approximately \$42 million in trust funds in FY11, which are loan repayments received by the department. NDEQ has also received approximately \$44 million in federal American Recovery and Reinvestment Act funds, which is primarily being used for local environmental projects.

On the table below, the columns listed as aid represent the amount of the agency's budget that is redistributed to other entities as grants and loans. The operations columns represent the amounts used for the operation of the agency. However, the operations categories also include contracts where money is used on behalf of others, such as when the agency assigns a private contractor to investigate and clean up a petroleum remediation site.

This funding is derived from several sources. A major source of funding is the federal government. The state also contributes significant funding for Department activities, and certain programs are funded partially or totally by fees. A breakdown of funding by fund type is shown on the following table:

| Funding Type | Operations: \$ Amount | Percent of Operations Budget | Aid: \$ Amount | Percent of Aid Budget |
|--|----------------------------------|---|---------------------------|----------------------------------|
| Federal Funds (Grants) | \$15.8 million | 45.7% | \$15.6 million | 44.4% |
| State General Funds (Tax \$) | \$3.3 million | 9.5% | \$4.3 million | 12.3% |
| Cash Funds (Fees) | \$15.5 million | 44.8% | \$15.2 million | 43.3% |
| Total | \$34.6 million | | \$35.1 million | |
| Note: This table does not include ARRA grants. | | | | |

The following graphic depicts the department’s FY11 budget by funding source and percent anticipated to be expended by fund type and activity (aid or operations).



Several chapters of this report give the reader a more in-depth look at Department responsibilities. Other chapters address financial issues, staffing issues, aid programs, and financial responsibility requirements. Additionally, Chapter 3 lists actions of the Environmental Quality Council during FY10.

This chapter provides: 1) a brief description of agency goals and related activities; 2) an overview of ARRA funding activities and accomplishments in FY2010; 3) significant legislation of 2010 and 4) a table that identifies initiatives over the past ten years that have impacted Agency resources.

I. Agency Goals and Related Activities

In recent years, NDEQ Administration has established a list of agency goals. Staff from all programs were asked to identify goals consistent with the agency goals. Through a series of staff meetings, goals were discussed and specific program goals and activities to be reached and reported were identified. These goals meetings have been conducted periodically since the goals were established, to evaluate our progress and develop strategies for the future. These efforts provide greater accountability regarding work that is being accomplished and help programs and management monitor whether we are achieving the identified goals.

The main goals established by the Agency are:

- 1) **Effective work force.** The agency needs to structure and train its employees to be as effective as possible to offset declining resources.
- 2) **Timely permitting process.** Permit review and issuance needs to be streamlined and simplified to meet the needs of both the agency (effective work force) and those in need of a permit.
- 3) **Balanced enforcement.** Enforcement means compliance with the law and a balanced approach between compliance assistance and traditional enforcement tools needs to be reached.
- 4) **Simplify regulations.** Persons and entities affected or protected by our regulations need to be able to understand the requirements with as little difficulty as possible.
- 5) **Community presence and relations.** NDEQ needs to be present in the community that it serves - Nebraska. The agency also needs to open communications and relationships with citizens, those we regulate, and other governmental entities.
- 6) **"Back to the Basics."** We must excel at the fundamental things that the Legislature intends for us to do -- issue permits, inspect, assure compliance, and require remediation where necessary.
- 7) **Assistance.** We need to assist those that we regulate so they can meet or exceed minimum standards. We must make such concepts as pollution prevention and compliance assistance a natural way of doing our job.
- 8) **Measure Environmental Quality.** We need to collect information that enables us to do our job and to measure Nebraska's environmental quality. Information collected by NDEQ must measure any changes in the quality of Nebraska's environment over time and provide the information we need to make sound regulatory decisions.
- 9) **Meaningful Reporting.** NDEQ has a responsibility to the citizens of Nebraska to report our findings in an understandable and useful way.
- 10) **Assess Needs.** Meaningful information about the environment should be used by NDEQ to assess the needs of the citizens and environment of the State. That information, when shared with the public, will provide input opportunities on priority issues.

Through activity tracking and followup meetings with program staff, the agency continually evaluates whether goals are being achieved, and whether they need to be modified.

II. ARRA Funding and Expenditures in FY2010

In fiscal years 2009 and 2010, NDEQ received significant supplemental funding from the American Recovery and Reinvestment Act of 2009.

These are funds provided to Nebraska through the U.S. Environmental Protection Agency, and are being distributed by the state to local efforts that protect the environment and stimulate the economy. This is just one segment of a much larger package of Recovery Act funds being provided to the state of Nebraska and local communities. More information about state programs receiving ARRA support can be found at the state web site: www.Recovery.Nebraska.gov. More information about the national program can be found on the federal web site: www.Recovery.gov. More information about the NDEQ programs receiving ARRA support can be found at the agency web site, www.deq.state.ne.us, by selecting NDEQ Recovery Fund Information. Or, the direct URL to the site is: <http://www.deq.state.ne.us/Recover.nsf/Pages/Recovery>.

Five programs administered by NDEQ have been allocated Recovery Act funds by the U.S. EPA. They are:

- **Clean Water State Revolving Fund** — \$20 million in Recovery Act funds have been allocated to Nebraska for wastewater treatment facility improvements. These funds have been distributed to 19 projects.
- **Drinking Water State Revolving Fund** — This program is administered jointly by NDEQ and the Nebraska Department of Health and Human Services – Health Division. \$19.5 million in Recovery Act funds have been allocated to Nebraska to support improvements in communities' drinking water systems. These funds have been distributed to 26 projects for either infrastructure improvements or water meters.
- **Leaking Underground Storage Tank Program** — About \$2.3 million has been allocated to Nebraska for the cleanup and investigation of leaking underground storage tanks. The department has or will complete initial investigation at 65 sites. In addition, funds are being used at seven sites for cleanup activities.
- **Diesel Emission Reduction Act** — \$1.73 million has been allocated to Nebraska for projects to reduce emissions from diesel engines. DERA funds have been passed through to 60 recipients for various types of activities shown to reduce diesel emissions.
- **604 (B) Water Quality Planning** — EPA awarded NDEQ \$202,500 for Water Quality Planning. NDEQ is providing these funds to the Nebraska Department of Natural Resources to continue ground and surface water quality and quantity planning for the Platte River Conjunctive Management Project. The project will help to optimize activities to best protect water quality and quantity for all uses on the Platte River, including endangered species, irrigation, and public recreation and drinking water.

In addition, EPA has allocated \$25.3 million in Recovery Act Funds to the **Omaha Lead Superfund Site**. More information on this site can be found at EPA's web site at <http://www.epa.gov/superfund/eparecovery/omaha.html>. The funds are being used to significantly increase the pace of ongoing long-term soil cleanup and lead-based paint stabilization activities. Nebraska has contributed a 10% cost share to the federal funds provided.

The table below provides an overview ARRA funds that were awarded to the agency, and the expenditures through June 30, 2010. These funds are considered to be a one-time provision designed to stimulate local economic growth and protect the environment, and are not expected to be renewed in future federal allocations.

Awards Status as of June 30, 2010

| Program | Amount Awarded | Funds Received | Number of Recipients | Expenditures as of June 30, 2010 |
|-----------------------------------|----------------|----------------|----------------------|----------------------------------|
| Clean Water SRF | \$20 million | April 10, 2009 | 19 projects | \$10,569,303 |
| Drinking Water SRF | \$19.5 million | April 10, 2009 | 26 projects | \$15,503,706 |
| Leaking Underground Storage Tanks | \$2.3 million | July 6, 2009 | 72 sites | \$1,221,340 |
| Diesel Emission Reduction Act | \$1.73 million | April 10, 2009 | 60 recipients | \$1,222,857 |
| 604B Water Quality Planning | \$202,500 | May 6, 2009 | | \$76,443 |

III. Legislation in 2010

Four pieces of legislation passed in 2010 had an impact on the agency. They include:

LB 696 – This bill amends the Integrated Waste Management Act to expand the fees imposed on solid waste disposed of within the state's borders to solid waste that is transported for disposal out of the state by certain permitted solid waste facilities (transfer stations). The fee collected is \$1.25 for each six cubic yards of uncompacted solid waste, \$1.25 for each three cubic yards of compacted solid waste or \$1.25 per ton of solid waste disposed of at a permitted facility. Municipalities or counties who have buy-recycled programs may request a rebate of a portion of those fees. The fees collected on waste that is sent for disposal out of the state is also eligible for the rebate.

LB 798 – The sunset date of the Litter Reduction and Recycling Act is extended for an additional five years to October, 2015. The Litter Reduction and Recycling Grant Program, created in 1979, supports programs developed to reduce litter, provide education, and promote recycling in Nebraska. Grants can be awarded to both public and private entities. Grant funding is generated by an annual litter fee imposed on businesses in the state which commonly contribute to the litter stream and who have annual gross proceeds of at least \$100,000.

LB 832 – This bill eliminates the private insurance requirement in the Petroleum Release Remedial Action Act for owners of new tanks at sites where tanks have not been previously located. The law, passed in 2005, required that on July 1, 2009 these tank owners be fully insured through private insurance to cover the costs of any future remedial action. Proponents of the new law argued that petroleum marketers were paying the equivalent of two insurance premiums because Nebraska currently collects a nine-tenths of one cent fee on gasoline and a three-tenths of one cent fee on diesel for a Leaking Underground Storage Tank Fund to cover the costs of cleaning up contaminated sites.

LB 882 – This legislation amends provisions of Nebraska law that governs dead animal disposal. The old language limited animal owners to burying or burning the dead animals on the site where the animal died or allowing transport by a licensed rendering truck to a rendering facility. One provision of the new law is that an animal owner may now take the carcass to a licensed landfill regulated under the Integrated Solid Waste Management Act. However, there is also specific language included in the bill that allows a landfill operator the option to decline to accept the animal for disposal.

One piece of legislation passed in Legislative Special Session in the fall of 2009 also impacted the agency:

LB 1 – Because of economic conditions, the Nebraska Legislature conducted a special session in the fall of 2009. During that special session, General Funds and Cash Funds spending authority were reduced. In addition, funds from several Cash Funds were transferred to the state's General Fund.

IV. State and Federal Actions Affecting Agency Staffing

The following is a breakdown of legislation over the past ten years that has affected staffing requirements at the Nebraska Department of Environmental Quality. The required programs are broken into three categories: 1) programs required by the federal government which did not require additional state legislation to adopt (Federally Mandated); 2) state legislation in response to federal requirements (State Legislation/Federally Mandated); and 3) state legislation which was not federally mandated (State Legislation/ Not Federally Mandated).

2001 (209 FTE)

State Legislation/Not Federally Mandated

- Clean Air Act (Emission Fee Cap)
- Groundwater Monitoring Report
- Extension of Litter Reduction and Recycling Grant Program
- Public Notice Requirements for Environmental Quality Council meetings
- Integrated Solid Waste Management Act (Additional Fund Uses)

2002 (209 FTE)

State Legislation/Not Federally Mandated

- Cash fund transfer legislation

2003 (212 FTE)

State Legislation/Not Federally Mandated

- On-site Wastewater Treatment Act (septic systems)

2004 (217 FTE)

State Legislation/Federally Mandated

- Livestock Waste Management Act

State Legislation/Not Federally Mandated

- Air Quality Permit Fees

2005 (217 FTE)**State Legislation/Not Federally Mandated**

- Air Emission Fees
- Petroleum Release Remedial Action Act

2006 (217 FTE)**State Legislation/Federally Mandated**

- Livestock Waste Management Act
- Stormwater Grants
- Emission Trading

2007 (218 FTE)**State Legislation/Not Federally Mandated**

- Drinking Water State Revolving Fund
- Livestock Waste Management Act
- Wastewater Treatment Operator Certification
- Private Onsite Wastewater Treatment System Contractors Certification and System Registration Act

2008 (218 FTE)**State Legislation/Not Federally Mandated**

- Remedial Action Plan Monitoring Act
- Wastewater Treatment Facilities Construction Act
- Petroleum Release Remedial Action Act

2009 (218 FTE)**State Legislation/Not Federally Mandated**

- Livestock Waste Management Act
- Integrated Solid Waste Management Act (rebate fee schedule)
- Waste Reduction and Recycling Incentive Fund (deconstruction grants)
- Waste Reduction and Recycling Incentive Fund (scrap tire projects)

2010 (215.25 FTE)**State Legislation/Not Federally Mandated**

- LB1 Special Session