

Minutes
Small Business Compliance Advisory Panel
Tuesday, June 27, 2006

In Attendance

Mark May, May Foundry and Machine
Brad Overmoe, Red Hanger Cleaners
Paul Glauser, Staker and Parsons Companies
Kevin Hooper, West Valley City Community Development
Marie Marshall, Midvalley Chamber of Commerce
Bryce Bird, Division of Air Quality

Greg Sorenson, Division of Air Quality
Scott Hopkins, Division of Solid and Hazardous Waste
Renette Anderson, Department of Environmental Quality

Absent:

Don Lewon, Utah Metal Works

Approval of Minutes

Paul Glauser made a motion to accept the minutes of the April 4 meeting. Bryce Bird seconded the motion which then passed unanimously.

How DEQ Approaches Small Business Compliance

Brad Overmoe was interested in hearing how, given limited resources small businesses were selected for inspections. Was the selection random or was the focus on “bad actors?”

Bryce Bird outlined the Air Quality approach; Scott Hopkins had also been invited to the meeting to talk about RCRA’s approach to small quantity generators.

Bryce said compliance is the responsibility of the company and that 99% of the time, companies are on the honor system. Each year, a small percentage of small businesses are selected for inspection. Managers develop a strategy based on the number of staff resources available and the number of businesses they can inspect. Also considered is the date of the last inspection and whether or not there have been complaints about the business or the sector in general. Every business is then put into the system and a field sort is done. Responding to a question, Bryce explained that staff checks phone books and other source to ensure the business list is as complete as possible.

In addition being selected via this method, businesses may also be inspected if there has been a complaint or at the Department Director’s discretion. For purposes of illustration,

Bryce said that for example, due to limited resources, 15 dry cleaners are inspected during a year. An inspection checklist, based on the rules, is used.

Scott explained that, throughout the year, he gets invited to do basic hazardous waste training. The training takes a couple of hours and then he'll spend the rest of the day doing courtesy inspections for other businesses in the zip code. The inspections are unannounced and primarily educational. He uses a checklist to review practices and visits with the company representative afterwards to talk about his findings. (To view the checklist, go to www.hazardouswaste.utah.gov and, on the left hand side bar, select "Programs" and then "Small Quantity Generator."). If problems are found during the inspection, the business has 30 days to "come clean" without ramification.

Scott inspects about 25 small businesses a month. His focus is on waste reduction through education. He has found that the majority of businesses are "good actors" – they understand the requirements and are complying. As a result, he doesn't spend much time with them. He does spend time with new operators to ensure they understand the rules and have their questions answered. In Salt Lake Valley for example, the Health Department requires that new businesses be inspected before a license is issued. Scott goes out with staff on these inspections.

Kevin was curious about possible duplication of efforts and asked about information coordination with local fire departments under the Community Right to Know Act. Scott explained that the fire department regulated chemicals that were flammable. RCRA did not get involved unless the chemical was considered a hazardous waste and the company did not use it completely up in its process.

Bryce and Scott were asked about announced vs. unannounced inspections, in general. Bryce said that Air Quality does unannounced inspections. Scott said RCRA only announces inspections to its large quantity generators. All other inspections were unannounced. The reason for the announcement was the time involved and the importance of having the right representative of the company present during the inspection. Scott added that 90% of the inspections he did were purely educational.

Workshops on compliance topics are generally conducted in conjunction with an association. Both Bryce and Scott said their divisions have found it beneficial to work with associations to push self-compliance. Kevin suggested a seminar for business licensing professionals to increase their awareness. This could be done through the Utah League of Cities and Towns. Brad suggested making it known to everyone that a surprise inspection could be done. Companies who understand this stay on their toes.

Nominations for Small Business Award.

Renette Anderson referred the CAP to the information in the packet on the nominees and scoring criteria. Ence Homes self-nominated; the remainder were recommended by DAQ compliance, based on the fact that they have had clean compliance records for a very long

time. That was all the information she was able to get on these companies. She asked how the group would like to proceed.

CAP members felt it was important to maintain the integrity of the program. Paul Glauser suggested that, to ensure the award was seen as worthwhile, companies selected should meet or exceed standards. Renette was asked to write a letter to each nominee, inform them of the nomination, and request information on the remainder of the criteria. She will forward the information received to CAP members, prior to the next meeting.

The CAP also decided that the deadline originally announced be held to and that staff look into getting a plaque that listed companies who had received the award. This would be in addition to the individual plaques given.

Feedback for the Upcoming Division Planning Retreat

Bryce reported that the budget was a major focus of the Division's planning retreat. In 1990, 90% of the budget came from State General Funds and EPA grants. The remaining 10% came from fees. Currently the split is one-third for each category. The majority of the fees collected come from the Title V program.

General funds and grants have been declining in recent years. In 2002, a permanent cut of \$400,000 was taken from general funds coming to the budget. Grants are currently down 18% from the previous year. There is only one viable option to make up the difference: fees.

Bryce explained the categories of fees being considered:

- Vehicle registration fees. A fee increase would cover the anticipated general fund shortfall. No fees are currently assessed for Air Quality from this source which is attractive because much of the pollution could be attributed to vehicle emissions. This source also has the added benefit of a built-in inflation factor.

- Minor and Synthetic Minor Sources. Fees are not currently assessed for these two groups. Under consideration is, depending on permit limits.

- MACT Area Sources. EPA recently exempted certain area sources from Title V and ruled that Title V funds could not be used to cover them. As a result, the Division is considering a annual compliance fee. This would impact dry cleaners, aluminum recyclers, degreasers, and decorative chrome and ethylene oxide processes.

- Asbestos and Lead Based Paint. An incremental increase is being considered to cover costs associated with online notification and credit card fees.

In addition, Bryce said Title V emission fees usually go up. The budget for this part of the program is determined by looking at the cost to operate the program and dividing it by the amount of emissions regulated with a cap at 4,000 tons.

Bryce explained each Division reviews its budget recommendations with Department Director Dianne Nielson. She will accept, deny, or amend the proposal. Each Division's budget is then rolled up into the Department's budget and a proposed fee schedule made available for public comment in the fall. The DEQ budget is then sent to the Governor's Office who accepts, rejects or amends proposals. State agency budgets are then incorporated into the Governor's Budget recommendations. The Governor's budget is presented to the Legislature who holds committee hearings on agency budgets and then decides the State budget it will ultimately adopt. Nothing is final until this process is complete.

In response to a question, Bryce said the Division's total budget was \$8 million and the projected shortfall for next year is \$900,000.

CAP members asked to be kept apprised of the process, particularly the points where outside comments are requested.

Compliance Update

CAP members were given memos showing Division Compliance Activities during April and May.

In response to questions, Bryce said that the Division does not receive the settlement dollars; they go directly to the State's general fund. Chronic problems were rare. The compliance rate is generally above 98%

Regulatory Update

Greg briefly reviewed two items:

- Final Revisions to R307 air regulations effective June 16.
- New exclusions to air Title V permit program proposed on June 15

The most significant aspects were that the regulations were made simpler to read and that the language on Small Source Exemption registrations changed from must to may

Other Issues

Dry Cleaner Workshop: The Rocky Mountain Fabricare Association has requested a workshop in early August. This will be held at DEQ Offices in Salt Lake City. CAP members were given a copy of the checklist which will be provided as part of the workshop. Renette asked if other sectors were interested in having a similar checklist prepared for their use to let her know.

Items for Next Meeting: The issue of penalties was raised as a potential topic.

Next Meeting

Tuesday, September 26 at 2 p.m. Marie Marshall said she has a meeting in Sandy until about 2:30 and will always be late to the meetings.