# Dry Cleaner Program

**Meeting Minutes**

**Tuesday, January 23, 2018**

**Headquarters**

8:30 am - 12:00 pm

700 NE Multnomah Street

Portland, Oregon 97232

List of Attendees

**Committee members:**

Jim Kincaid, Chair, Cable Huston LLP

Steve Young, ODCA

Kathey Butters, ODCA

Gary Campbell, ODCA

Guy Tanz, PNG Environmental

Tom Sjostrom, BOMA Oregon

Jenn Bildersee, City of Portland

Jay Bleich, Bee Cleaners

Danny Han, KADCA

Allan Wright, ODCA

Peter Yoo, KADCA

**DEQ staff:**

Bruce Gilles, Manager, Cleanup and Emergency Response

Rian Hooff, Office of Policy & Analysis

Nancy Cardwell, Dry Cleaner Program

Ed Patnode, Dry Cleaner Program

Jacqueline Ross, Cleanup and Emergency Response

**Others:**

Mitch Frister, Pacific Northwest Pollution Prevention Resource Center

Korean Daily News

Bryan Smith, DEQ Small Business Assistance Program

List of Handouts and Presentation Notes

* Advisory Committee Meeting Minutes (11/16/17)
* Q/A Sunset Dry Cleaner Program
* EcoBiz Dry Cleaner Certification Program
* KADCA Funding Proposal

|  |  |
| --- | --- |
| 8:30 am | Meeting Commencement Time |
|  | ITEMS OF DISCUSSION |
|  |  |
|  | Purpose: The purpose of the meeting was to discuss DEQ’s proposal to sunset the program and to discuss possible funding proposal by the dry cleaner industry.    Proposal to Sunset Program: Bruce Gilles reviewed the questions and answers outlined in Handout 1. Kathey Butters asked if there was a requirement to apply to the orphan site fund. Bruce said there is an ability to pay process. Jim Kincaid asked about the rules related to the operating requirements. Bruce said he does not believe there will be a gap by sunsetting the program with the NESHAP requirements in place. Steve Young asked what will happen if a dry cleaner sees the program ending and does not pay fees. Bruce said DEQ would send them a letter and tell them they do not have liability protection. Jim Kincaid said the state could look to other liable parties to fund cleanups once the program sunsets.  Bruce Gilles reiterated that the program has never met its intended goal (not financially sustainable as envisioned) and needs to sunset unless industry wants to develop a sustainable funding proposal. Rian Hooff encouraged input by committee members on the legislative concept for sunsetting the program. If the program were to sunset what is the best way to go about it? Jim Kincaid asked the committee members to give feedback to DEQ for addressing the proposed sunset of the program along with alternative considerations.  Jay Bleich asked if DEQ could move more expeditiously in forwarding the legislative concept in the short session. Jay said if we know it is sunsetting why delay it? What is the incentive to pay fees? Rian Hooff explained that the 2019 session would be the soonest opportunity to put forth a legislative concept of this scope. Also, that approximately one year to phase out the program would be necessary to expend the account on existing projects in the cleanup program.  Bruce Gilles said based on data, the average cost to cleanup a dry cleaner site is $155,000. We know of 216 facilities that had prior use of perc, which could cost between 30-40 million dollars. We do not know how many of the 216 facilities are contaminated but we have to assume they will need some cleanup. On average, DEQ cleans up one site per year. At that rate, it will take over a hundred years to clean up all the sites. Other than liability protection, the owner or operator is not likely to get a return on their investment. Over the last 22 years, DEQ has spent 8 million dollars on cleanups. Even if we were to receive a 1million dollars a year from fee revenues, it will still take 40 years to clean up the sites.  Rian Hooff noted that more dry cleaner cleanups have been completed outside the Dry Cleaner Program. Seventy-four dry cleaners received NFA (No Further Action) letters and less than half of that number came through the Dry Cleaner Program. The majority came through the Voluntary Cleanup Program or the Orphan Site Program.  Bruce Gilles reiterated the steps DEQ has already taken to reduce administrative costs. |
|  | EcoBiz Dry Cleaner Certification Program: Nancy Cardwell reviewed the EcoBiz Dry Cleaner Certification Program (draft) and DEQ’s 11/16 solicitation letter (Handout 2). This program may provide some comfort for property owners if the dry cleaner is involved in a program that certifies they are following best management practices (address hazardous and material handling, labeling, etc.). Nancy introduced Mitch Frister, Oregon Manager, Pollution Prevention Resource Center. Mitch gave an overview of the program and answered questions. EcoBiz is a free and voluntary certification program recognizing Oregon businesses that adopt best practices and protect the environment. The program is designed to prevent and minimize hazardous waste, air and water pollution. EcoBiz went through a process evaluating DEQ’s standards to establish criteria. Tom Sjostrom said this program would give property owners more comfort knowing there dry cleaner tenants were applying best management practices. Mitch acknowledged that perc users would not quality but that they could have an evaluation done and become motivated to use alternative solvents. Mitch said funding from areas outside the tri-county area is obtained through federal grants and that DEQ’s Small Business Assistance Program provides technical assistance.  Possible Funding Proposals: Danny Han, President of KADCA, introduced a funding proposal (Handout 3). Danny proposed an annual fee between 1% and 2% of total gross revenue, producing $600,000. Steve Young said it is too complicated and should have a flat fee. Danny said it would be as simple as the annual sales tax (attach income tax statement). KADCA said a flat fee is not fair to the smaller dry cleaners. Jay Bleich noted his business does $200,000 in tailoring and inquired about which services would be subject to the % revenue fee. Kathey Butters does not think businesses will agree to be taxed on services (tailoring, making drapes) not related to dry cleaning.  Some committee members expressed concern over reporting accurate sales, if a fee was based on a subset of business sales (rather than on total income tax stub/statement). Peter Yoo said most Koreans have automated systems now and 80-90% of their customers pay with credit cards. Gary Campbell said we want a system that is easily auditable and everyone is paying their fair share. Kathey Butters (ODCA) supports a flat fee structure that is simple and auditable.  Bruce Gilles said with a revenue stream of a million dollars it will take 30-40 years to clean up the sites. With a revenue stream of $600,000, it will take twice as long.  Bruce Gilles said he looked at the flat fee proposal from last fall. Based on current facility types and a hypothetical flat fee, Bruce summarized the information below to demonstrate a ballpark range of what a flat fee approach might generate.    Rian Hooff noted the impact that a substantial fee increase would have on small businesses and whether it was feasible.  Steve Young said there is no relationship between annual income and the cost of clean-up; that in terms of liability, it’s even.  KADCA opposes a flat fee (unfair to smaller businesses) and needs to go back to their membership. Jenn Bildersee asked about a tiered flat fee system to address fairness. Jim Kincaid said they looked at that before and the committee could not come to consensus on a tiered flat fee structure.  Rian Hooff stated that DEQ is preparing a legislative concept for the 2019 session to sunset the program. DEQ intends to move this proposal forward as a recommendation to the Governor. As an agency sponsored bill/concept, it will be submitted for the Governor’s consideration in April. DEQ also is committed to supporting the advisory committee’s efforts in pursuit of an alternative proposal that would generate sufficient revenue to support program objectives. If the advisory committee develops a consensus proposal, it could be introduced for the 2019 session (via a Legislative sponsor) as an alternative proposal to the sunset concept.  Kathey Butters said ODCA will strongly oppose sunsetting the program.  Jim Kincaid asked if ODCA and KADCA could get together and work out a proposal. Kathey Butters said ODCA would try to work with KADCA to develop a tiered flat fee.  Next Steps:   * Schedule next meeting for early March, 2018. |
|  |  |
| **12:00** | Meeting Adjournment Time |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |