Protecting Texas by Reducing and Preventing Pollution.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

Fiscal Years 1997 - 2001

STRATEGIC PLAN

June 1996
SFR-35

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

STRATEGIC PLAN

for Fiscal Years 1997 – 2001

Submitted to the
Governor's Office of Budget and Planning
and the
Legislative Budget Board

June 14, 1996

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STATEWIDE VISION AND MISSION

VISION

Together, we can make Texas a beacon state. A state where our laws encourage jobs and justice. A state that frees our greatest resource--our people--to achieve their highest potential. A state where our children receive an excellent education so they have skills to compete in the next century. A state where people feel safe in their communities, and all people know the consequences of committing a crime are swift, sure, and outweigh any potential reward. And a state where each citizen accepts responsibility for his or her behavior. We envision a state where it continues to be true that what Texans can dream Texans can do.

MISSION

To realize the vision of a better Texas, state government must focus on its key responsibilities to its citizenry. State government should prioritize its energies in a few areas where it can make a difference, clearly define its functions within those areas, and perform those functions well. State government must look for innovative ways to accomplish its ends, including privatization and incentive-based approaches. Our imperative should be: "Government if necessary, but not necessarily government."

The mission of Texas state government is to support and promote individual and community efforts to achieve and sustain social and economic prosperity.

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THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

State government will be ethical, accountable, and dedicated to the public being served. State government will operate efficiently and spend the public's money wisely. State government will be based on four core principles that will guide decision-making processes.

Limited and Efficient Government

Government cannot solve every problem or meet every need. State government should do a few things and do them well.

Local Control

The best form of government is one that is closest to the people. State government should respect the right and ability for local communities to resolve issues that affect them. The state must avoid imposing unfunded mandates.

Personal Responsibility

It is up to each individual, not government, to make responsible decisions about his or her life. Personal responsibility is the key to a just society. State employees, too, must be accountable for their actions.

Support for Strong Families

The family is the backbone of society and, accordingly, state government must pursue policies that strengthen and nurture Texas families.

Texas state government should serve the needs of our state, but also be mindful of those who pay the bills. By providing the best service at the lowest cost and working in concert with other partners, state government can effectively direct the public's resources to create a positive impact on the lives of individual Texans. The people of Texas expect the best, and state government must give it to them.

FUNCTIONAL GOALS

Natural Resources

Priority Goal:

To conserve the state's environment through prudent stewardship of the state's natural resources.

Benchmarks

- Percent of Texans living in areas meeting or exceeding air quality standards
- Percent of Texans with drinking water meeting or exceeding safe drinking water standards
- Percent of Texas surface waters meeting or exceeding water quality standards
- Tonnage reduction in priority air pollutants in counties not meeting air quality standards
- Percent of Texas agricultural and ranch lands under soil and water conservation management
- Percent of state-owned lands that are adequately maintained and utilized
- Percent of Texas land conserved as natural and wildlife areas
- Renewables as a percentage of total energy used
- Percent of Texas municipal waste that is recycled
- Percent change in agricultural production

AGENCY MISSION

"The Texas Natural Resource Conservation Commission strives to protect our state's precious human and natural resources consistent with sustainable economic development. Our goal is clean air, clean water and safe management of waste with an emphasis on pollution prevention. We are committed to providing efficient, prompt and courteous service to the people of Texas, ever mindful that our decisions are based on common sense, good science and fiscal responsibility."

AGENCY PHILOSOPHY

To accomplish our mission, our basic guiding principles will be:

- To promote and foster voluntary compliance with environmental laws
- To ensure that regulations promote flexibility in achieving environmental goals
- To ensure that regulations and decisions are rational and based on common sense, good science, and current risk factors
- To ensure that regulations are applied clearly and consistently
- To ensure meaningful public participation in the decision-making process
- To ensure that commission decisions follow the law
- To ensure strict, sure, and just enforcement when environmental laws are violated
- To ensure that unnecessary, ineffective, or redundant regulations and processes are eliminated whenever possible
- To ensure that this agency is dedicated to serving the people of Texas and to hire, develop and retain a high quality, diverse workforce

INTERNAL/EXTERNAL ASSESSMENT

Organizational Overview

The Commissioners' Office

Three full-time Commissioners form the governing board of the TNRCC. Commissioners are appointed for staggered six-year terms by the governor with the advice and consent of the Texas Senate. The Commissioners establish the overall direction and policy of the agency and render decisions in contested matters such as permits and enforcement orders and in the adoption of regulations necessary to carry out the responsibilities of the TNRCC.

The Commissioners employ an Executive Director to administer the day-to-day operations of the agency. Most of the agency's staff report to the Commissioners through the Executive Director; however, the following six offices report directly to the Commissioners: General Counsel, Public Interest Counsel, Public Assistance, Alternative Dispute Resolution, Chief Clerk, and Internal Audit.

General Counsel

The General Counsel is appointed by the Commissioners as their chief legal advisor. The General Counsel provides guidance to the Commissioners in the administration and enforcement of state laws that govern the agency's activities, the Commissioners' actions and the procedures utilized in Commission meetings.

Public Interest Counsel

The Public Interest Counsel (OPIC) was created to ensure the consideration of the public's interest in the actions of the Commission. The office provides information about agency procedures to citizens and assists citizens in participating in contested proceedings, such as enforcement and permit hearings. Additional duties include developing the record at the hearing to assure that all important factual, legal and policy issues are fully developed and presented to the Commission and providing advocacy on environmental equity and consumer-related issues.

Public Assistance

Public Assistance provides a centralized point of access to the agency for the public who have questions about permits and the permitting process, need information about the agency or require assistance in working with the agency's rules, regulations, policies, and procedures. This office also has a separate role in implementing the Environmental Equity Program to review issues related to the siting and regulatory oversight of facilities and sources of pollution that may effect different segments of the population inequitably.

Alternative Dispute Resolution

The Alternative Dispute Resolution's primary emphasis is to assist parties involved in a contested case in trying to resolve their disputes informally using alternative dispute resolution procedures, especially mediation. Priority is given to trying to resolve cases prior to Commission agenda meetings. In a number of contested cases, mediation can alleviate the need for more costly, formal evidentiary hearings before a State Office of Administrative Hearings administrative law judge.

Chief Clerk

The Chief Clerk is responsible for proper and timely issuance, publication and posting of required notices of application, and public hearings and meetings. The Chief Clerk compiles

and prepares the agendas followed during the Commissioners' weekly meetings and posts these agendas in the *Texas Register*. Additional duties include transmitting final decision documents to applicants and other parties and maintaining the official recordings of Commission meetings.

Internal Audit

The mission of the Internal Audit office is to assist the Commission and management by furnishing them with objective analyses and appraisals of agency operations and recommendations for improvements in these operations. Internal Audit also evaluates controls over financial and electronic data management to ensure that these functions meet all applicable requirements.

The Executive Director's Office

The Executive Director is appointed by the Commissioners to manage the operations of agency. Specific responsibilities of the Executive Director include implementing the TNRCC's statutory and regulatory responsibilities, including the processing of contested permits and enforcement actions to be presented to the Commission for decision and approving uncontested permits and administrative matters. The Executive Director is assisted by a Deputy Executive Director in the general administration of the agency.

Several small organizational units are housed in the Office of the Executive Director.

Pollution Prevention and Recycling

The Office of Pollution Prevention and Recycling (OPPR), through a combination of public education efforts, technical assistance and voluntary reduction programs, supports local governments, schools, small businesses, industry, and the citizens of the state in reducing the generation and release of pollutants. Examples of specific pollution prevention programs include Clean Industries 2000, Clean Cities 2000, River and Lake Cleanups, Office of Waste Exchange and Governor's Awards for Environmental Excellence.

Media Relations

The Media Relations Division serves as the agency's principal point of contact for external communications through its media relations unit, which handles all media inquiries, prepares and distributes agency press releases and coordinates press conferences. Media Relations also produces the agency's internal newsletter.

Intergovernmental Relations

The Intergovernmental Relations Division coordinates agency responses to requests for information from legislative members and offices and assists in the development and tracking of legislative initiatives. The staff also monitors federal legislative activity which may affect the agency.

Border Affairs

As a result of recent international agreements such as NAFTA and the need to jointly address international environmental issues, the Border Affairs Division was established to serve as the agency's liaison with Mexican federal, state, and local governments in the coordination of various programs directed to the border region. The staff are involved in the development and implementation of plans to reduce hazardous wastes along the border and coordinate proactive border environmental health programs with other state agencies.

Small Business Assistance

The Small Business Assistance Program focuses on identifying policies that overburden small businesses, identifying financing sources for pollution equipment, assessing the economic impact of environmental regulations, resolving small business complaints, and maintaining a

link to the small business community. The Small Business Assistance Program also fulfills specific requirements of the Federal Clean Air Act related to the impacts of recent air quality initiatives on small businesses.

Strategic Planning and Appropriations

The Strategic Planning and Appropriations Division is responsible for maintaining and revising the agency's strategic plan, preparing the biennial legislative appropriations request and quarterly performance reports, preparing financial analyses and fiscal notes for proposed legislation and agency regulations, and performing a variety of other special projects.

Office of Air Quality

The primary responsibility of the Office of Air Quality is to safeguard the air resources of the state by effectively implementing the Federal Clean Air Act and the Texas Clean Air Act. Five divisions handle these functions.

Operating Permits

The Operating Permits Division is responsible for developing and implementing the new operating permit program required by the Federal Clean Air Act Amendments of 1990. The purpose of the program is to codify all of the regulations affecting an industrial site into a single, enforceable document. Regulatory requirements to be codified into a new operating permit include: existing permit conditions, nonattainment rule provisions, federal toxic emission control requirements, and enhanced monitoring. Approximately 3,000 plants or industrial facilities in Texas are expected to come under this program.

New Source Review

New source review permits are required by state law and, in some cases, by federal law. The New Source Review Division ensures that new or expanded businesses that emit air pollution use Best Achievable Control Technology (BACT) and that their emissions do not have adverse health impacts on surrounding areas. The use of BACT typically reduces emission levels by 90 percent or more from what would have occurred without emission controls.

Air Quality Planning and Assessment

The Air Quality Planning and Assessment Division is responsible for developing and updating air emissions inventories which characterize and quantify the sources of air pollution. The division also conducts computerized dispersion modeling to support the technical evaluation of permit applications and regional air quality planning.

Mobile Source

The Mobile Source Division is responsible for the development and implementation of programs for the reduction of air emissions from motor vehicles. The division coordinates and monitors the vehicle inspection and maintenance program administered by the Texas Department of Public Safety in the several areas of the state that have not attained the federal ambient air quality standards. The division is also involved in the development of vehicle technology and alternative fuels programs.

Monitoring Operations

The Monitoring Operations Division is responsible for the deployment and operation of air quality monitors throughout the state to assess ambient air quality levels and to identify the sources of localized air quality problems.

Office of Waste Management

The Office of Waste Management is responsible for regulating the generation, treatment,

storage and disposal of a variety of solid wastes, assuring the appropriate response to emergency releases of hazardous materials and overseeing cleanup activities at contaminated sites.

Municipal Solid Waste

The Municipal Solid Waste Division is primarily responsible for regulating the management of municipal solid wastes, including permitting solid waste management facilities, such as municipal landfills. The division also operates the Commission's comprehensive automotive waste management programs for used oil and waste tire collection and recycling. Finally, the staff provides technical assistance, such as evaluating new technologies, and customer assistance for small and rural communities.

Industrial and Hazardous Waste

The Industrial and Hazardous Waste Division implements regulations governing industrial solid waste, hazardous waste, and low-level radioactive waste. The division is responsible for programs to minimize the generation of waste and ensure that wastes are properly classified, treated, stored and safely disposed. The staff also coordinate the closure of inactive waste management units and the cleanup of contaminated sites at operating facilities.

Waste Planning and Assessment

The Waste Planning and Assessment Division develops and implements statewide, regional, and local solid waste management plans. Other responsibilities include the collection and analysis of data required in the assessment of the capacity of the state's waste management facilities, providing technical assistance and grant funding for local and regional solid waste projects, and other coordination activities that support the programs within the Office of Waste Management.

Petroleum Storage Tank

The Petroleum Storage Tank Division is responsible for the regulation of petroleum storage tanks and the protection of groundwater resources from leaking tanks. The staff maintains registrations of regulated tanks, develop and promulgate regulations and requirements for proper construction and operation of tank systems, and provide technical assistance to tank owners and operators.

This division also oversees all corrective actions at leaking tank sites and administers the Petroleum Storage Tank Remediation Fund, from which the TNRCC reimburses tank owners and operators for the costs associated with the cleanup of releases from petroleum storage tanks. Division staff also ensure that vapor recovery equipment is installed at regulated gasoline dispensing facilities in ozone nonattainment areas.

Pollution Cleanup

The Pollution Cleanup Division responds to emergency spills of hazardous materials within the Commission's jurisdiction and identifies, evaluates and coordinates the clean up of abandoned sites contaminated with hazardous substances. This includes administering the federal and state Superfund programs. The division also coordinates with other state and federal agencies in the assessment and restoration of natural resources damaged by pollution incidents.

Office of Water Resource Management

The Office of Water Resource Management is responsible for the conservation of the state's limited water resources, the regulation of surface water rights and uses of water, and the assessment, protection and improvement of water quality.

Agriculture and Watershed Management

The Agriculture and Watershed Management Division has broad responsibility for the regulation of water rights and uses and the control of wastewater treatment and discharge. Both the water rights and wastewater permitting programs fall under this division in addition to the pretreatment program to audit the quality of flows entering publicly owned treatment works. This division also works to identify innovative technologies designed to improve the quality of wastewater discharges into the environment. Additionally, the staff handles floodplain management programs, interstate river compacts, the Watermaster Program, and agriculture permitting, including concentrated animal feeding operations.

Water Planning and Assessment

The Water Planning and Assessment Division provides technical support for the evaluation of wastewater and water rights permits and the development of water quality standards through the measurement and assessment of the state's surface and groundwater resources. The Texas Clean Rivers Program and the federal nonpoint source pollution grant program are administered by the division. Planning guidance for the Galveston Bay and Corpus Christi Bay National Estuary Programs is also provided by this division.

Water Utilities

The Water Utilities Division, within two major programs, provides regulatory and management oversight for utility companies, water districts and other facilities which deliver water and wastewater services. The division is responsible for the oversight of a variety of private water utility providers as well as various water districts established under state law for the provision of water and wastewater services. These responsibilities include reviewing construction plans for water systems, auditing and approving certain financial transactions of districts, responding to consumer questions and complaints about water utilities, and providing management assistance to the various water districts and utilities regulated by the Commission. Under the Public Drinking Water Program, the division is responsible for the oversight of all public drinking water systems, monitoring and enforcement of drinking water standards, and administration of the federal Safe Drinking Water Act.

Office of Compliance and Enforcement

The Office of Compliance and Enforcement is responsible for the enforcement of regulations relating to the Commission's air quality, water quality and waste management programs, the inspection and compliance monitoring of facilities regulated by the Commission and the environmental training and occupational certification functions of the agency.

Field Operations

The Field Operations Division is responsible for 15 regional offices throughout the state and a laboratory located in Houston. Major responsibilities of regional staff include determining air and water quality through on-site monitoring, conducting facility inspections, responding to citizen inquiries and complaints, promoting voluntary compliance through education and technical assistance, and responding to emergencies such as accidental releases of chemicals into the environment.

Compliance Support

The Compliance Support Division provides a variety of training services to the agency and to the regulated community. This division manages the state's occupational certification programs for installers and operators of pollution control equipment and facilities. The division also coordinates events to provide training on agency

programs to the regulated community. In addition to training functions, the division also includes the agency's Local Government Assistance Program for providing technical assistance and information to units of local government to aid in their efforts to comply with state and federal requirements for management of wastes and control of pollution.

Enforcement

The Enforcement Division coordinates enforcement matters for all media (air, water, and waste) to ensure efficient, effective, and consistent enforcement of environmental laws, regulations and permits.

Office of Legal Services

The Office of Legal Services is responsible for providing legal support to the other offices and divisions of the agency under the Executive Director.

Legal Services

The Legal Division provides legal support services to all TNRCC programs. Legal staff represent the Executive Director in contested case matters, including permitting, registration, licensing and rate-making cases. Legal Division staff provide a full range of general legal support services relating to agency rules, contracts, grants and requests for proposals and personnel matters. The division also assists with lawsuits referred to the Attorney General's Office, coordinates responses to Public Information Act requests, and provides legal opinions and advice to the Executive Director.

Litigation Support

The Litigation Division is responsible for the legal representation of the Executive Director in enforcement litigation in which the agency is involved. The division also coordinates the agency's criminal enforcement program.

Office of Policy and Regulatory Development

This office is responsible for coordinating the agency's rule-making activities, establishing and implementing processes to ensure consistent policy development and review, and providing support for state and national planning efforts relating to air, waste, water, and cross-media issues. The office is organized into four divisions: one providing coordination for each of three media of air, water, and waste and one providing policy research and cross-media support. The office performs the following three primary functions:

Rule-Making Activities

The office has the goal of ensuring that all Commission rules are developed in a timely manner, consistent with statutory authority, and reflective of the guiding principles of the Commission. A rule coordinator participates in all rule-making teams to work with program area staff to provide policy direction and review and to navigate each rule package through the established rulemaking process.

Coordination Activities

The office develops and implements processes to ensure that policy-related decisions are effectively coordinated and communicated throughout the agency and regulated community. Coordination activities may pertain to specific projects, programs, or policy decisions or may involve systematic processes to ensure consistent consideration of policy actions. Ongoing activities include the coordination of the Commissioners' Work Sessions, the Regulatory Forum, the Executive Review of National Comments, etc.

Planning Functions

The office serves as a focal point for several of the agency's planning functions to provide the Commissioners and Executive Director to work with other local state and national

agencies to address identified and potential environmental concerns. Examples of statewide planning activities include consensus-based state water planning development of coastal zone management plans participation in national waste planning work groups, and revision of the air quality state implementation plan. National planning efforts are coordinated through organizations such as the Environmental Council of the States, the National Governor's Association, and various media-specific national planning associations.

Office of Administrative Services

This office is responsible for providing the many services that are essential to any large public organization, including budgeting, financial administration, information resource management, support services and public outreach. Additionally, the office is responsible for conducting audits of the recipients of agency grants and reimbursement funds and implementing the financial assurance requirements associated with many of the agency's regulatory and permitting programs.

Budget

The Budget Division develops and administers the TNRCC's current operating budget, monitor revenues and estimate revenue collections, and assist in the development of the agency's biennial legislative appropriations request.

Financial Administration

The Financial Administration Division is responsible for managing the agency's finances, ensuring the integrity of the accounting records, and maintaining adequate internal controls to safeguard the agency's financial assets. Staff functions include purchase of equipment and supplies, paying vendors and employees, collecting agency revenues, cash management and financial reporting to agency and state decision makers and the public. The staff maintains and monitors the acceptability of financial assurance documents for all agency program areas that require financial security. Additional duties include reviewing insurance and bond submittals, and making recommendations to reduce financial loss to the agency.

Grants and Contracts Management

The Grant and Contracts Management Division is responsible for the management and financial control of the many grant and contractual agreements entered into by the Commission. These instruments may include federal grants or cooperative agreements, remediation engineering and pollution cleanup contracts, and grants to local governments or private parties. The division is also responsible for auditing the financial transactions involving the uses of state funds by third parties to ensure compliance with all legal requirements.

Information Resources

The Information Resources Division carries responsibility for the TNRCC's substantial computer and automated information systems needs. This division provides systems management support for all agency computer platforms and develops and supports application systems to meet internal and external customer needs. Staff serve as a clearinghouse for dispersal of agency database information to the public and other government agencies, and maintain agency records facilities. Information Resources is the single point of contact for automation-related questions and problems, and provides customer assistance through many avenues.

Support Services

The Support Services Division maintains facilities and equipment for other TNRCC programs, handles risk management and workers'

compensation, provides safety training and conducts safety inspections. Additionally, the division provides security for agency facilities, manages all the agency's physical assets and operates an in-house printing facility that serves more than 30 other state agencies.

Public Information and Publications

The Public Information and Publications Division provides an array of information services. Staff include the agency's main telephone operators, who assist callers in finding the information they need. The division edits, produces, inventories and distributes agency publications, including general information documents, regulatory guidance documents, and agency reports and studies. Staff also offer consultation to technical programs to develop distribution plans and materials. This division serves as a clearinghouse for teacher requests, and forms partnerships with universities to conduct continuing environmental education courses. The division also includes a library, which maintains a comprehensive collection of environmental and regulatory documents.

Human Resources

The Office of Human Resources performs activities and functions relating to recruitment, staffing, classification, compensation and benefits, and employee-management relations. The division also provides training on human resources policies and procedures. Additionally, the office collects and distributes human resources management information, administers the Affirmative Action Plan and ensures compliance with equal employment criteria, the Fair Labor Standards Act, the Position Classification Act, and other state and federal laws and regulations.

Organizational Development and Training

The Organizational Development and Training Division is responsible for supporting the continuing training and development of the staff to ensure the delivery of the best service to customers of the agency. The division is responsible for the evaluation of agency programs and procedures to identify opportunities for improvement. Staff also provide internal training, consulting and facilitation services for a variety of agency programs and projects.

The division coordinates quality assurance activities associated with federally funded environmental programs. The agency employee newsletter, *The Natural Resource*, is edited within the division.

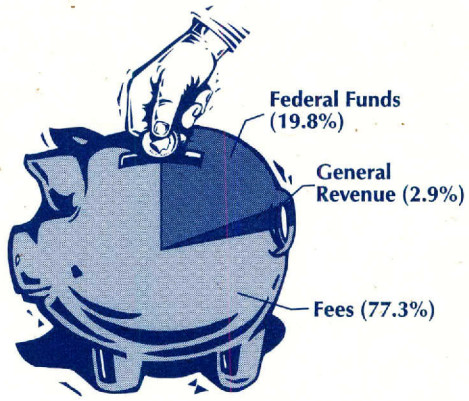
FINANCIAL STATUS AND OUTLOOK

Funding Sources

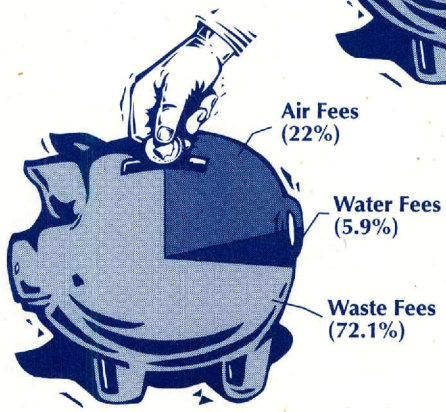
The TNRCC is funded from three main sources. Appropriations for Fiscal Year 1996 are $429.1 million, including $12.4 million from the general revenue fund, $84.9 million from federal funds, and $331.8 million from fees and other revenues assessed and/or collected by the agency. The agency forecasts and monitors over 140 different fees. Of the $331.8 million, air fees represent 22 percent, water fees represent 5.9 percent, and waste fees represent 72.1 percent.

(SEE FIGURES: FY96 *Appropriation Authority* and *Fee Revenue*)

FY96 Appropriation Authority
By Source of Funding



Fee Revenue
By Media

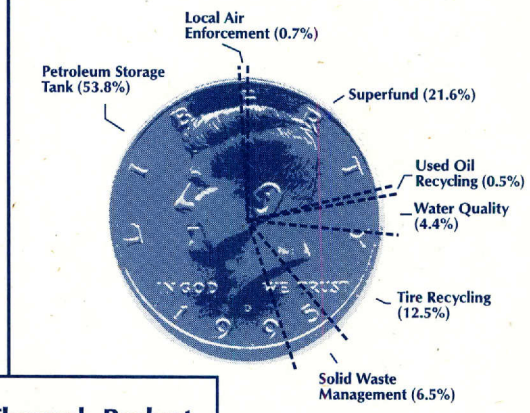


Funding Uses

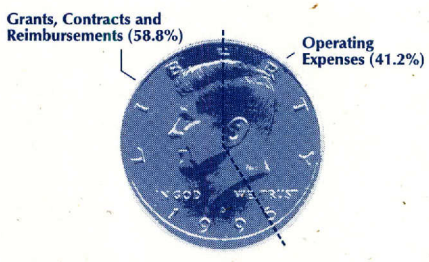
The TNRCC's operating budget for Fiscal Year 1996 is $391.5 million. The operating budget consists of funds designated for "operations" of the agency and funds designated for "pass-through." The pass-through budget for Fiscal Year 1996 of $227.1 million includes contracts, reimbursements, and grants. Pass-through dollars are utilized primarily in the agency's programs dealing with petroleum storage tanks, Superfund sites, waste tires, and municipal solid waste, although the agency's water and air programs also have some pass-through dollars.

(SEE FIGURES: *Operating vs. Pass-Through Budget* and *Pass-Through Budget*)

Pass-Through Budget



Operating vs. Pass-Through Budget



Operating = $164,396,711
Pass-Through Budget = $227,112,323
NOTE: Does not include contigency reserve.

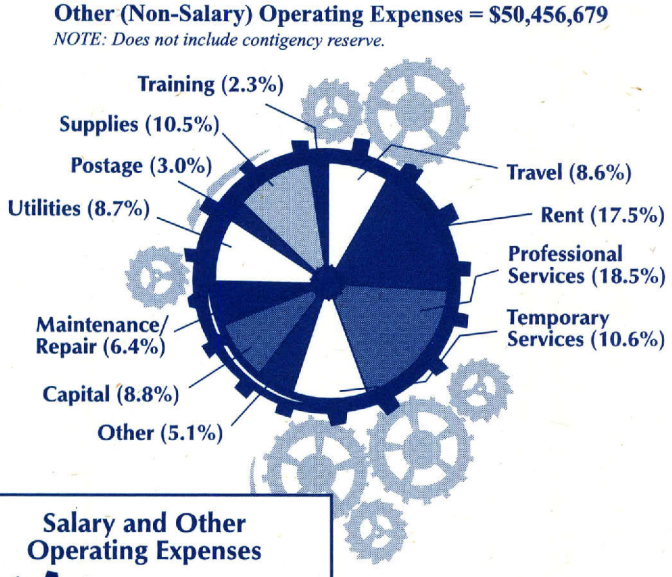
Agency Operations

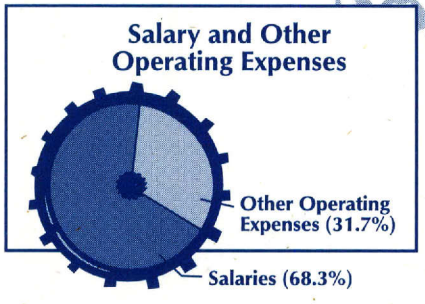
The Fiscal Year 1996 operating budget of $391.5 million includes $164.4 million for "operations." The $164.4 million for operations includes salaries, representing 68.3 percent of

the budget, and other operating expenses representing 31.7 percent. Other operating expenses include items such as supplies, utilities, rent, travel, training, and capital.

(SEE FIGURES: *Other Operating Expenses* and *Salary and Other Operating Expenses*)

Other Operating Expenses





Funding Trends

Perhaps the most significant trend in the funding structure has been the declining availability of general revenue funds and the growth in fee funds. General revenue has declined from $15 million or 24.7 percent of the budget in 1990 to $12.4 million or 2.8 percent of the Fiscal Year 1996 budget. This decline has had a significant impact on the agency's water programs. Those programs utilize almost all of the agency's general revenue and, in fact, the agency's $12.4 million general revenue appropriation still represents 40 percent of the Fiscal Year 1996 funding for the agency's water programs. In air and waste, the reductions and actual elimination of general revenue in recent years have been more than offset by increases in the availability of fee revenues.

(SEE FIGURE: *General Revenue*)

Looking ahead, three concerns can be identified in relation to the adequacy of the agency's funding sources. One concern relates to the adequacy of support for the water programs. Reductions in general revenue, in combination with improved adherence to method of finance restrictions and statutory fund dedications, have resulted in cutbacks in such high priority areas as the frequency of inspections of wastewater and drinking water facilities. Additionally, current resource levels are not adequate to address concerns regarding the increasing numbers of on-site sewage treatment facilities. While these are significant issues that will be difficult to address, recognizing that increases in general revenue are not expected, it should be noted that a cooperative effort of industry and local governments has placed the agency in a position to have adequate resources to fund increased responsibilities if and when delegation is received for the federal National Pollutant Discharge Elimination System Program.

A second specific area of concern relates to the adequacy of support for Superfund cleanup efforts. The concern is driven not by a decline in funding, but by the fact that a number of sites are entering the phase of cleanup activity which is primarily state funded. An additional concern is that a significant number of sites have to be addressed as state Superfund sites but, at current funding levels, these sites will have to be addressed over a protracted time frame. To the extent that unaddressed sites have contamination plumes that spread while awaiting cleanup, delays may be costly. In recognition of these concerns, the TNRCC has been engaging in ongoing discussions with stakeholders to assess the significance and timing of the funding issues and to explore possible solutions.

The third concern relating to funding availability is an overarching concern. Analysis of the agency's fee revenue streams reveals that some of the largest fees are based on the volume of waste generated or air contaminants emitted. Since reducing air emissions and waste generation is a principal focus of agency programs, the stability and adequacy of the agency's funding base could be jeopardized as the agency achieves its objectives. Work loads are not likely to decrease in proportion to reductions in pollution because work loads, such as permitting and inspection, depend more on the number of facilities being constructed or operated than on the volume of pollution generated at each facility. As a result, fees based on air emission or waste generation may need to increase in the future as emission and waste reductions are realized in order to maintain current funding for necessary agency programs.

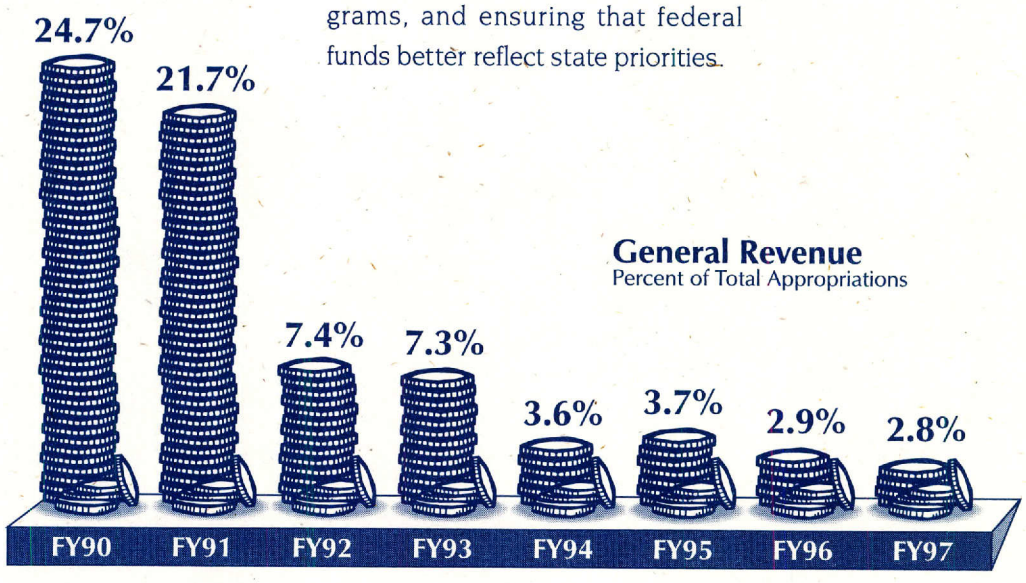
Financial Structure

The TNRCC has a very complex funding structure. This is perhaps best illustrated by the fact that there are four separate budgets the agency must develop and track internally. In the fund budget, the agency must track its planned and actual uses of 23 state funds, each with its own statutorily dedicated uses. In the strategy budget, the agency tracks the uses of funds in relation to the 16 strategies that provide the framework for the agency's appropriations. The grants budget involves the tracking of federal funds provided under several categorical federal grants and dozens of project grants. Finally, the agency must develop and track budgets for approximately 60 major organizational units.

Several initiatives are underway to streamline the financial structure of the agency. These initiatives offer the prospect of allowing the agency to redirect some resources from financial management back to programs and to better align federal funds with state priorities. As a part of this strategic plan, the agency has proposed a streamlined and revamped appropriation structure. In addition to reducing the number of strategies which must be tracked, the functional orientation of the proposed goals and strategies will enable strategies to be a more useful internal management tool.

In relation to federal funding, the U.S. Environmental Protection Agency (EPA) has encouraged states to work with it to develop Environmental Performance Partnership Agreements (EPPAs). Assuming EPA follows through on its initial proposals, EPPAs will offer states the opportunity to redefine their reporting and oversight relationships with EPA, to receive block grants instead of categorical grants, and to eliminate much of the paperwork associated with the current federal grant process. The TNRCC is placing itself in a position to fully realize the benefits of the EPPA concept in order to achieve the objectives of reducing paperwork, improving the efficiency of federal programs administrated by the agency, redefining EPA's involvement in agency programs, and ensuring that federal funds better reflect state priorities.

"General revenue has declined from $15 million or 24.7 percent of the budget in 1990 to $12.4 million or 2.8 percent of the Fiscal Year 1996 budget."



ACCOMPLISHMENTS

The TNRCC is now in its third year of existence. Since the agency submitted its first strategic plan in June 1994, the agency has achieved a number of accomplishments. Some of these accomplishments are in the operations of the regulatory programs, while others are in the area of voluntary pollution prevention and the internal operations and customer service of the agency. Notably, a number of the accomplishments listed indicate that the agency is moving forward to realize the efficiencies and programmatic improvements that were envisioned in relation to the creation of the TNRCC.

Regulatory Operations

Eleven "flexible" air permits were issued between January 1995 and March 1996, through which companies voluntarily made binding commitments to reduce 116 million pounds of emissions annually in return for additional operating flexibility. Rules for flexible air permits provide incentives for existing facilities to reduce pollution by allowing a company to make permit and equipment changes as long as total emissions at a facility stay below a permitted maximum level or emission cap that reflects use of modern pollution controls.

Concentrated Animal Feeding Operation (CAFO) rules were adopted in May, 1995, consolidating air and water quality permitting rules. The TNRCC's first multimedia permit rules simplified the authorization process for dairy operations, cattle feedlots, pork producers, and other facilities where large numbers of animals are confined for feeding for at least 45 days a year. The rules also make state requirements for new CAFOs in Texas consistent with EPA regulations that apply to CAFOs.

Assistance to Texas military bases has included technical oversight of cleanups and base closures. The accelerated cleanup process for military bases has resulted in 28 percent of known contaminated sites being cleaned up. The TNRCC's input helped the Department of Defense avoid $107 million in cleanup costs. The Department of Defense has received a return on oversight costs of nearly 30 to 1.

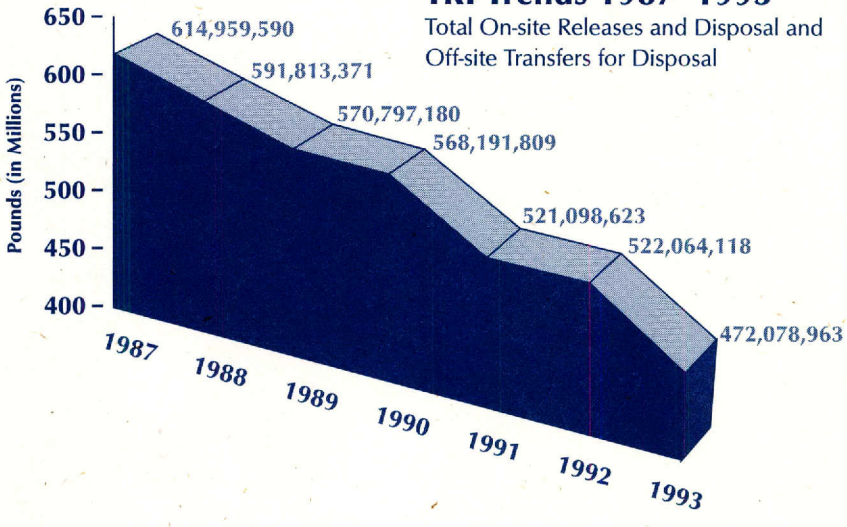
Texas led the major industrial states in reducing the amount of pollution produced by industrial facilities in 1993. Data compiled for the national Toxic Release Inventory (TRI) showed Texas, with 60 percent of the nation's petrochemical production capabilities and 25 percent of its oil refining capacity, in the forefront of industrial pollution reduction efforts. On-site releases in the state declined by 40 million pounds from 1992 to 1993.

(SEE FIGURE: TRI *Trends* 1987-1993)

"Companies voluntarily made binding commitments to reduce 116 million pounds of emissions annually in return for additional operating flexibility."

TRI Trends 1987- 1993

Total On-site Releases and Disposal and Off-site Transfers for Disposal



"An additional 177 sites have committed to the Voluntary Cleanup Program."

Voluntary site cleanups have been certified as complete at 15 sites as of May 29, 1996. An additional 177 sites have committed to the Voluntary Cleanup Program. Further participation is anticipated now that Voluntary Cleanup rules have been adopted by the Commission. The 15 sites that have been certified were unused or underutilized commercial or industrial sites. Each has since been sold for redevelopment. The liability release provisions available to lenders, developers, and prospective purchasers have furthered interest in this voluntary program.

Small Business Assistance Program, since September 1994, has been involved in 37 rule reviews, including facilitating negotiated rule-making forums. Cost analyses performed on two of these rules affecting dry cleaners and printers resulted in an estimated difference between the proposed and implemented rules for cleaners of $23.15 million statewide and for printers of $64.30 million.

Air quality monitoring capability has increased since September 1994. The number of air toxics monitoring sites increased from 22 to 29, and the number of organic chemicals monitored has increased from 19 to 71. In addition, 36 mobile monitoring projects were conducted at a total of 71 facilities.

Alternative control methods can be approved by the TNRCC for industries which want to use more cost-effective techniques to comply with volatile organic compound regulations. New rules were adopted, in cooperation with industry and the EPA, to significantly clarify requirements, eliminate mandatory hearings, and reduce processing times.

El Paso Oxyfuel Program implemented in 1990-1991 continued to contribute to declines in carbon monoxide (CO) exceedances of the National Ambient Air Quality Standard (NAAQS) for carbon monoxide as established by the EPA. While as many as 10 CO exceedances were recorded in 1985-86, there were no CO exceedances in the 1994/95 season, and none again thus far in 1996.

Employer Trip Reduction (ETR) Program for the Houston/Galveston area was converted from a mandatory to a voluntary program at the request of the Texas Legislature and utilized new federal flexibility. The TNRCC worked closely with the Houston-Galveston Area Council to develop a voluntary alternative program which is now being implemented.

Predictive Emissions Monitoring Systems (PEMS) are now used in procedures developed by the TNRCC Enforcement Division. PEMS are able to estimate the emissions rate of a particular pollutant by identifying and monitoring the operational parameters of a facility using a computer model. The regulated community can potentially replace costly Continuous Emissions Monitoring Systems (CEMS) and other testing, which will provide a significant economic benefit. Predictive systems also help companies control air pollution more effectively and efficiently.

Average air permit processing times have been significantly reduced since September 1994. Processing times for preconstruction permits decreased from 10 months to 4.5 months; for amendments from 9 months to 4.5 months; for alterations from 2.5 months to 1.5 months; and for renewals from 19 months to 7 months.

The first three-year sampling cycle for analysis of herbicides, pesticides, and other organic chemicals required under the Safe Drinking Water Act was completed. No drinking water systems in Texas violated the standards. Additionally, the TNRCC's unique sampling waiver program saved public drinking water suppliers $50 million in laboratory costs between 1993 and 1995.

Expiration of wastewater permits within specific watersheds has been coordinated as a major step in implementing the Clean Rivers Act (Acts of the 72nd Legislature, 1991) and coincides

with national efforts to focus all water quality programs on a watershed approach.

Processes for approval of projects for the beneficial use of sewage sludge have been revised and consolidated. These efforts have resulted in improved procedures and streamlined approaches which facilitate the reuse of a valuable solid waste generated by thousands of domestic wastewater treatment facilities across the state.

Surface Water Quality Standards and Implementation Procedures for Texas permitting were revised. The TNRCC developed and adopted new water quality criteria for eight additional toxic pollutants. The agency developed and adopted more protective standards for the Colorado River below Austin and for the San Marcos River. Staff developed and adopted eco-region standards for small perennial streams in east and south Texas. Thirty-nine additional water bodies were added for classification in the water quality standards.

Clean Rivers Program initiated a new, three-tiered approach to monitoring: fixed station monitoring, systematic watershed monitoring, and targeted monitoring to support the TNRCC permitting process. Targeted monitoring provides information to lessen the monitoring burden traditionally placed upon a permittee. As part of this approach, the program developed the first state umbrella Quality Assurance Program.

The Surface Casing Team Underground Injection Control (UIC) Class II review process was streamlined to reduce paperwork by 50 percent through an agreement with the Railroad Commission to exchange data bases for use in agency-wide Geographic Information Systems (GIS) applications. This agreement results in a time and cost savings for the agency, better communications with the Railroad Commission, and a quicker response to customer inquiries.

The backlogs of industrial and hazardous waste facility closure documents and corrective action documents have been reduced by 34 percent and 93 percent, respectively, since early 1995.

Preliminary Assessment/Screening Site Investigation (PA/SSI) Program to investigate potential Superfund sites has begun. This 100 percent federally funded program generates significant information on sites that may be referred to the state Superfund Program. The program also gives essential information on sites referred to the state, thus allowing a faster evaluation and ranking of the sites.

New screening tool developed by the TNRCC to help identify the worst Superfund sites first looks at the four pathways of concern (air, ground water, surface water and soil), and allows staff resources to be spent on sites that may pose an imminent threat to human health and the environment. It also allows for the state to identify sites that may be candidates for the National Priority List (federal Superfund), thus allowing the initial investigation to be funded by the PA/SSI Program.

Seven hundred thirty-four enforcement cases were resolved during Fiscal Year 1995 through agreed orders adopted by the Commission; more than twice the number settled in Fiscal Year 1994. The agency-wide backlog of enforcement cases was reduced from 528 cases in December 1994, representing 45 percent of all pending cases, to 204 cases in February 1996, representing 20 percent of all pending cases. The TNRCC's goal is to reduce all backlogs to 10 percent or less, including only those cases going through complex hearing or dispute resolution processes. This definition of backlog is based on the time a case is received and screened through the date either a final order is issued by the Commission or the date an initial document stating the calculated penalty amount is issued to the respondent.

Standardized agreed orders were implemented in Fiscal Year 1995 allowing regional office staff to negotiate and finalize agreed orders for selected types of violations in the Air

"The agency developed and adopted more protective standards for the Colorado River below Austin."

Solid Wastes Sent to Landfills
By Source

Program and Petroleum Storage Tank Program. These orders reduce the staff time involved in negotiating orders and can be processed more expeditiously than traditional orders requiring more negotiation and attorney involvement.

Expedited agreed orders are being developed by the TNRCC staff through uniform procedures and administrative penalty policies across media. Senate Bill 1660 (agreed order content) implementation will facilitate more expeditious settlement of enforcement cases.

Supplemental Environmental Projects (SEPs) provide the agency the flexibility to allow respondents in enforcement cases to substitute approved pollution reduction projects for a portion of administrative penalties. Since September 1, 1994, the Commission has approved eight orders that included 15 SEPs.

Guidance to implement the environmental audit provisions of House Bill 2473 have been adopted by the TNRCC to encourage entities to perform self-audits which encourages entities to perform self-audits to determine compliance with environmental laws and agency rules and permits and to fix non-compliances under certain statutory protections thereby reducing pollution.

Voluntary Pollution Prevention

Annual reports from facilities participating in the Pollution Prevention Site Assistance Visit (SAV) Program indicated that facilities saved $19.3 million while achieving the following environmental benefits: hazardous waste down by 31,000 tons; volatile organic compounds/ozone depleting compounds down by 147,000 pounds; water usage down by 296 million gallons; and, energy usage down by 3 million kilowatt hours.

Clean Industries 2000 membership has grown to include 147 of the largest industrial facilities in the state. The members that committed to TRI reductions reported a 25 percent reduction in releases from 1987 to 1993, a cumulative reduction of 88 million pounds. For 1993 and 1994, members reduced generation of hazardous waste by 15 million tons from 1992 levels.

The Clean Cities 2000 now numbers 57 municipalities. Each of these cities, with populations ranging from 51 to greater than a million, have implemented comprehensive environmental programs and are reporting significant reductions in solid waste disposal to landfills with related cost savings, and they have received revenues from the sale of recyclables.

The Clean Texas Star Program, launched in August, 1995, is the largest, most ambitious voluntary commercial recycling program in state history. Members commit to reduce disposal of nonhazardous solid waste by up to 75 percent, by the year 2000. They also commit to maximize purchases of recycled content products and sponsor or participate in at least one environmental outreach program in their community. This voluntary program seeks to capture for recycling all of the solid waste produced in the commercial sector. In Texas, the commercial sector (including businesses, public and private schools, colleges and universities, and nonprofit organizations) generates more than 50 percent of the solid waste sent to landfills.

(SEE FIGURE: *Solid Wastes Sent to Landfills*)

Environmental Equity outreach campaign targeted towards low-income, minority communities focused efforts on increasing

environmental awareness. Citizen participation in household waste management and recycling efforts is often low in these communities. A bilingual brochure on household hazardous wastes was developed with an EPA grant and distributed through statewide community centers and schools.

The Resource Exchange Network for Eliminating Waste (RENEW), the TNRCC's waste exchange program, reported in Fiscal Year 1995 that a total of 112,400 tons of material were exchanged through the program, saving participating companies a total of $1.2 million. The program facilitates recycling by matching facilities that need materials with other facilities needing to dispose of such materials.

U.S. and Mexico agreed to a joint advisory committee on air quality for El Paso, Juarez and Dona Ana County in New Mexico. This is the first formal binational group created to help guide U.S. and Mexican environmental agencies in developing regional approaches to air pollution problems shared between the U.S. and Mexico. The TNRCC was instrumental in developing and advancing the initial proposals leading to this agreement and is expected to have a representative appointed to the joint advisory committee.

The El Paso Independent School District together with the TNRCC Small Business Assistance Program developed a demonstration spray booth for auto body shops. The demonstration project provided an example of low cost technology that will allow auto body shops to meet environmental compliance standards set by the agency. One hundred spray booth operators were trained in the initial demonstration project, and the facility is available for El Paso ISD to train the next generation of auto body shop owners in that city.

Texas Small Towns Environment Program (STEP) funded projects help communities take on responsibility for project planning and execution, performing much of the actual work themselves. Residents of Arroyo Colorado Estates, a colonia in Cameron County, kicked off the state's first project in November 1995, marshaling community resources to solve water and wastewater needs. With help from the Texas STEP, the colonia will lay pipe for a wastewater collection system to replace inadequate septic tanks that pose environmental and health risks. Texas STEP is built on a self-help approach developed by the national Small Towns Environment Program and is coordinated by the TNRCC.

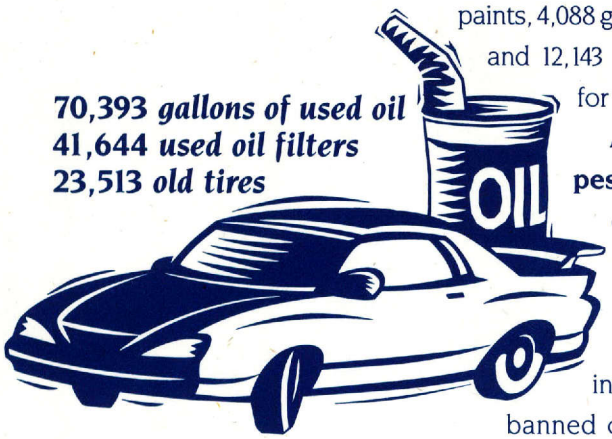
Small Business Assistance Program (SBAP) provided an estimated 20,000 small businesses with compliance assistance or notification of environmental requirements. The SBAP was recognized as one of the three leading programs in the nation. The EPA provided the TNRCC with a grant to provide training to eight other states to help them establish successful small business assistance programs.

Texas Recycles Day (November 15) is an annual event first organized by the TNRCC in 1994. More than 90 percent of the communities that took part in Texas Recycles Day 1995 reported increases in recycling participation. As a result of Texas Recycles Day efforts, nearly 82,000 individuals and businesses pledged to increase recycling efforts, and more than 160 events were reported statewide.

Near nonattainment areas (the San Antonio, Austin, Corpus Christ, and Tyler-Longview-Marshall areas) were provided forecasts for high ozone levels and information to help educate the public about how ozone forms, health effects of ozone and voluntary steps to reduce ozone forming emissions.

Ninety-five Texas Country Cleanup collection events have been held throughout the state since September 1, 1994. Over 28,000 participants have brought in 360 tons of household and hazardous waste, 87,840 pesticide containers, 23,513 old tires, 70,393 gallons of used oil, 41,644 used oil filters, 438 tons of hazardous

"Nearly 82,000 individuals and businesses pledged to increase recycling efforts, and more than 160 events were reported statewide."



70,393 gallons of used oil
41,644 used oil filters
23,513 old tires

paints, 4,088 gallons of antifreeze, and 12,143 lead-acid batteries for recycling.

Agricultural waste pesticide collection events conducted in Fiscal Year 1995 allowed 544 participants to bring in almost 205 tons of banned or canceled pesticides for proper disposal at the six collection events sponsored statewide.

Lake and River Cleanup events were held on 55 occasions since September 1, 1994. Over 34,700 volunteers have picked up and/or recycled approximately 500 tons of litter and debris in and along Texas lakes and rivers.

One thousand new do-it-yourself (DIY) used oil collection centers have been registered since September 1995. Senate Bill 1683, 74th Legislature, provides a fee exemption on the sale of oil for those retail outlets that provide a registered used oil collection center. A review process to register and reregister approximately 2,500 DIY Used Oil Collection Centers was required in order to implement the exemption.

The Galveston Bay Plan was approved by EPA in March of 1995. The comprehensive conservation management plan was the first national estuary plan in the country to be approved without revision and is now an EPA model for other national programs. The TNRCC established the Galveston Bay Advisory Council to assist the General Land Office and the TNRCC in implementing the plan.

Pollution Prevention (P2) programs developed by the TNRCC, and Clean Texas 2000 in particular, were cited by EPA officials as a model for new federal strategies aimed at improving environmental protection while decreasing bureaucracy and overregulation.

Agency Operations

A consolidated Enforcement Division was created in September 1995 bringing together several previously decentralized enforcement functions and creating a new multimedia enforcement section. Consolidating enforcement will achieve better communication and coordination of enforcement activities among staff, and, in turn, improve responsiveness to the regulated community.

The Litigation Support Division was formed in December 1994 when enforcement responsibilities previously delegated to the Legal Services Division were merged with Enforcement Policy. The creation of the Litigation Support Division has enabled the agency to achieve significant reductions to the enforcement backlog.

The Office of Policy and Regulatory Development was created in November 1994 to improve the quality and timeliness of agency rule-making efforts. A recent internal review of this effort found substantial success in addressing external concerns regarding agency rulemaking efforts.

Commissioners passed a resolution to increase and improve public participation at the TNRCC. Citizens will have more reliable access to and improved responsiveness from the TNRCC. Greater emphasis and improved opportunities for public input into the agency's decision-making processes (not just contested case hearings) makes for better and more reasonable decisions.

Public Assistance Office was created by the Commission to enhance the public's ability to participate in and understand the agency's decision-making processes. Citizens will be able to obtain information from trained staff, thoroughly familiar with the agency's programs and decision-making processes. The centralized office will offer citizens one-stop shopping for answers to their questions about the TNRCC.

The Local Government Assistance Program was initiated in the fall of 1995. The

program, designed in cooperation with a 29-member advisory committee representing city and county officials, includes: 1) a permanent, full-time Local Government Assistance unit; 2) the *Local Government Guide to the* TNRCC, a clearly written, easy-to-use and up-to-date guide on environmental regulations in Texas; and 3) a toll-free number set up specifically for local governments. These efforts will especially help small- to medium-sized communities that must comply with the same environmental regulations as larger communities, but which often have limited resources and expertise to devote to environmental issues.

Consolidation of field staff into a single office in each region will be completed by the end of Fiscal Year 1996. Program staff in the Arlington Region will be consolidated into a single office in October 1996. Consolidation of program area staff promotes greater efficiency in operating the offices and provides "one-stop shopping" for the public.

Commissioners adopted a resolution redoubling the agency's efforts to select and retain a diverse work force representative of the Texas labor force. The agency's 10-point Work force Diversity Initiative will help ensure compliance with the federal Equal Employment Opportunity Act and the state's minority hiring practices.

A rule and policy tracking log was created in the fall of 1995. The log is in an electronic format available to external and internal users for tracking rule and policy development activity. The log is a comprehensive report of all rulemaking and policy development activities throughout the agency. Approximately 65 active rule-making projects and 103 completed rulemaking projects are currently tracked on this log as of May 10, 1996.

Regulatory forums have been held each month since September 1995 to exchange information between the agency and its customers. Staff provide updates and handouts regarding regulatory issues and solicit feedback from customers, including recommendations for ad hoc work groups to be formed on certain issues.

Electronic access to agency information has been greatly expanded by both TNRCC OnLine, the agency's electronic bulletin board, and the Internet via the agency's site on the World Wide Web. Electronic access is provided to all agency rules, Commission agendas, press releases, many guidance documents, and numerous publications. The ability to download or view information on-line that affects the regulated community facilitates better understanding of the requirements, and reduces staff time and resources spent answering inquiries and mailing out information.

Occupational certification and licensing programs were consolidated in March 1994 to gain consistency in certification policies and procedures, create a unified database for certification records, improve administrative efficiency in the programs, and strengthen the agency's presence in the regulated community and trade associations. Consolidation of these licensing programs into the Occupational Certification Section has allowed the agency to handle a 10 percent increase in work load with no increase in personnel.

Chief Engineer position was created in June 1995 to provide the Executive Director with counsel on technical issues involved in permitting, enforcement and pollution cleanup activities. The Chief Engineer also helps ensure consistency in the agency's technical decisions through implementation and oversight of the peer review process.

Technical peer review process is being implemented to provide a single, systematic process of technical peer review. Technical peer review provides the regulated community with consistency in all major areas, including permitting, enforcement, and pollution cleanup. An extensive training program for affected staff has been conducted.

"Over 34,700 volunteers have picked up and/or recycled approximately 500 tons of litter and debris in and along Texas lakes and rivers."

"Technical peer review provides the regulated community with consistency in all major areas, including permitting, enforcement, and pollution cleanup."

Classification study covering 2,631 classified positions was completed in October, 1995 to rectify inconsistencies between former Texas Water Commission and Texas Air Control Board administrative staff.

Career ladder for field investigators was revamped and better defined in 1995. This is the first in an ongoing series of career ladder improvements designed to improve employee morale, recruitment and retention by providing better defined career paths and giving more predictability to advancement patterns at non-supervisory levels.

Performance appraisal system was revamped during 1995. The new system created consistency in the process and procedures for completing employee performance reviews, resulted in reduction of overdue appraisals, and created a uniform system to replace the systems inherited from the predecessor agencies of the TNRCC.

Administrative hearings functions were smoothly transferred to the State Office of Administrative Hearings pursuant to Senate Bill 12, 74th Legislature, 1995.

GENERAL ASSESSMENT

The TNRCC is now in its third year of existence. Looking back at the agency's short history, it is possible to observe that, for the most part, the agency was successful in consolidating programs from several agencies without the breakdowns in the delivery of service that sometimes accompany large reorganizations or consolidations. In fact, as noted in the Accomplishments Section and other sections, the agency has managed to improve its customer service in many areas and to continue to advance its regulatory operations in response to environmental needs and state and federal requirements. The maintenance and improvement of agency services, while adjusting to the new procedural and reporting relationships of the consolidation, is largely a reflection of the dedication and hard work of the agency staff. The staff is clearly the most valuable resource of the TNRCC.

Agency Operations and Infrastructure

Just as it is possible to note the successes of the agency's short history, it is also possible to note the weaknesses of the agency. In general, it is in the area of organizational infrastructure where the agency has faced its greatest challenges and, perhaps, has its greatest opportunities for improvement even after devoting substantial energy and achieving significant improvements. This results from two factors. First, neither of the predecessor agencies to the TNRCC had an infrastructure that was adequate to support the operations of an organization as large and complex as the TNRCC. Secondly, in a number of areas, the practices, policies, and technologies of the predecessor agencies were incompatible. This typically required the development of new systems as opposed to just superimposing the approaches of one of the predecessor agencies.

Among the aspects of basic operations where the agency has devoted substantial resources and achieved significant progress are: establishing approaches for budget development and tracking, establishing written operating procedures, reconciling inequities in position classification, developing a new performance appraisal system, and consolidating operations physically. Aspects of basic infrastructure where the agency has positioned itself for progress, but where much of the progress is still to come, include improving performance in diversifying its work force. The agency's record in this area is good in some respects, but there is still considerable room for improvement, especially with respect to managerial positions. Performance in meeting contracting goals for historically underutilized business also is an area where significant improvement is needed. The oversight of contracts and grants administered by the agency is an area where a centralized agency has recently been created to develop procedures and audit capabilities to better assure sound use of the state's resources.

Provision of training to TNRCC staff is an area where further improvement is needed and expected. For Fiscal Years 1996 and 1997, the agency has reserved a minimum of 1 percent of its operating budget for training. A centralized training division was created late in Fiscal Year 1995 and has been charged with developing an agency-wide training plan and developing training standards to assure that training

"The TNRCC work force presently consists of 3,125.3 budgeted full-time equivalents (FTEs). This is a reduction of 98.8 FTEs from the 1995 level."

resources are used wisely. Also in relation to personnel development, the agency is positioned to make substantial short-term progress in the development and use of career ladders. The agency implemented a revamped career ladder for field investigators early in Fiscal Year 1996. Building on this pilot effort, several teams are now developing career ladders for other job classifications based on guidance from Human Resources and executive management. These career ladders offer more definition and predictability to career advancement opportunities and are expected to aid morale, recruitment, and retention.

Perhaps the area of basic infrastructure where there is the most work yet to be done in terms of effort and cost is in the management of information. This includes information for regulatory operations and information to support management decision making. A complete reassessment of the agency's information management technologies and its needs for management information systems are among the basic responsibilities of the agency's Chief Information Officer, a newly authorized position which was filled for the first time in March 1996. Generally, the weaknesses in the agency's management of information are that some redundant reporting requirements are placed on regulated industries, electronic submittal of required information is not as widely available as would be desirable, and information needed for executive tracking and decision making is not available in routine, concise, and cogent reports.

Human Resource Issues: While the TNRCC continues to receive additional responsibilities, streamlining efforts have allowed the agency to reduce its total work force without any reductions in customer service. The TNRCC work force presently consists of 3,125.3 budgeted full-time equivalents (FTEs). This is a reduction of 98.8 FTEs from the 1995 level.

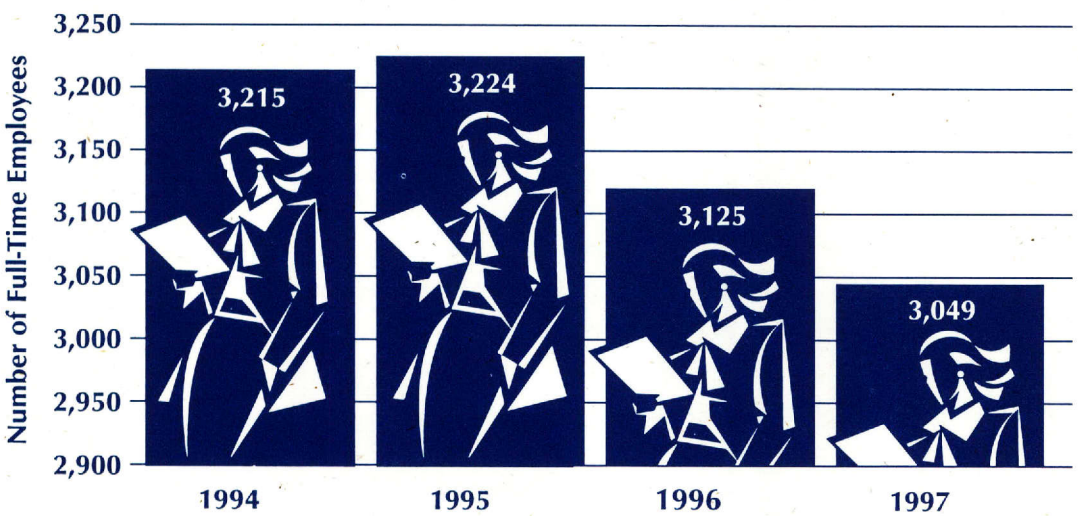
(SEE FIGURE: *Full-Time Employees*)

To effectively and efficiently administer the state's environmental laws, the TNRCC relies on a competent and knowledgeable staff. Professionals and paraprofessional positions comprise 76 percent of the agency's work force. The remaining 24 percent consists of administrative and administrative support (18 percent) and technical (4 percent).

(SEE FIGURE: EEO *Composition*)

The greatest concentration of TNRCC professionals can be found in the agency's environmental quality specialist positions. The agency currently has 526 filled environmental quality specialist positions. These people are directly responsible for inspecting regulated facilities and enforcing environmental laws. The next largest concentration of professionals is in the engineering specialist positions. The TNRCC currently employs 334 engineering specialists. These people are primarily responsible for reviewing permits to control the disposal of wastes and the release of

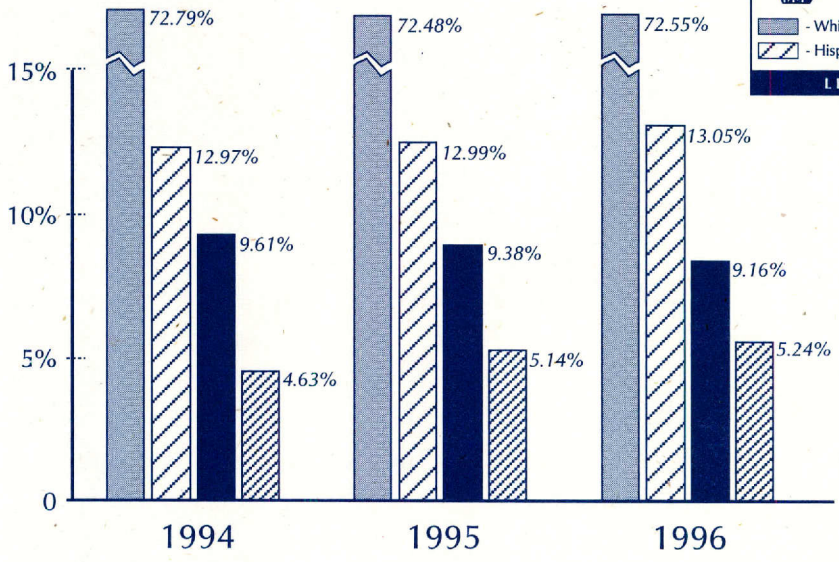
Full-Time Employees



contaminants into the air, water, and land.

It is the policy of the TNRCC to provide equal employment opportunity to all employees, qualified applicants for employment, and recipients of service regardless of race, color, religion, sex, national origin, age, sexual orientation, veteran status, or a disability that requires accommodation. Today, females make up 44 percent of the agency's work force. Hispanics and Blacks comprised 22 percent of the agency's work force. In comparison to the state work force, the TNRCC is deficient in the total number of females by 0.2 percent, Blacks by 1.7 percent and Hispanics by 9.1 percent.

EEO Composition



The TNRCC is committed to recruiting, selecting and retaining a diverse work force that is representative of the state's labor force. On March 27, 1996 the Commissioner's passed a resolution supporting the Executive Director's implementation of the agency's 10-point Work force Diversity Initiative. This initiative augments current efforts to comply with the state's goals for hiring and maintaining a diverse work force.

The TNRCC places a strong emphasis on retaining and enhancing the skills of its employees. Reflecting this emphasis, each employee is provided a clear job description and performance appraisal is tied directly to employee development. Employee training and professional development courses are available through the Organizational Development and Training Division and private contractors. To ensure that all employees have access to training programs, the TNRCC matches budgeted salaries by 1.25 percent or $1.3 million for training purposes. The agency is also establishing career ladders and career paths for its employees and has set aside adequate funds for both merits and promotions.

Historically Underutilized Businesses (HUB): It is the policy of the TNRCC to demonstrate a sincere commitment and good faith effort to providing procurement and contracting opportunities for minority- and women-owned businesses. The agency will strictly adhere to the statutory requirements as stated in the Texas Government Code Ann. Title 1, Subtitle D, Chapter 2161, and Texas Administrative Code Title 1, Sections 111.11-111.24, and by Title 40 Code of Federal Regulations Parts 31 and 35.

- **Goals and Objectives** Through all reasonable means available, the TNRCC will strive to achieve awarding procurement and contracting opportunities to minority- and women-owned businesses by the following percentages:
  - Professional Services 20%
  - Commodity Services 16%
  - Other Services 33%

- **Challenges**
  - Non-HUB companies who are technically experienced and tenured in their individual fields provide strong competition to the small HUB companies.
  - Required specialized environmental equipment and services continue to limit the number of "prime contract" opportunities.

A HUB is defined as a corporation formed for profit with at least 51 percent of the equity being owned by women or by Americans of African, Hispanic, Asian, or Native American descent; a sole proprietorship 100-percent owned, operated, and controlled by such a person or persons; a partnership where such persons own at least 51 percent of its assets and interest and have proportionate control of partnership affairs; a joint venture of HUBs, or a supplier contract between a HUB and a prime contractor for whom the HUB manufactures, distributes or warehouses, and ships the supplies.

The TNRCC's HUB Program ensures agency staff are delivered quality services and goods while continuing to strive to meet the minimum HUB contract award goals set by previous legislation.

A host of opportunities are available to the TNRCC to ensure a successful program. First, the agency will adopt the General Services Commission HUB-related rules. The agency will then finalize and distribute the TNRCC operating policy regarding HUB and provide key staff with formal education. In addition, quarterly training sessions on HUB/minority and women-owned business enterprises operating policies and procedures will be provided along with just-in-time technical assistance to project managers, department and field staff, outside contractors, and vendors.

Program staff throughout the agency will monitor the implemented Good Faith Effort Program and make adjustments as needed to promote success. This will include the review of all contract and grant award documents to ensure language is included that speaks to TNRCC's commitment to awarding business opportunities to minority and women owned businesses. Follow up by the agency's HUB Coordinator will be performed on all awarded contracts and grants to track the contractor's good faith efforts on a monthly basis and monthly and quarterly reports will be prepared to document the progress or lack thereof and any adjustments required. The TNRCC will require its divisions in developing annual business plans to identify initiatives to improve HUB performance. The agency's HUB Coordinator will monitor and track the progress of those initiatives. Management guidance and assistance will be provided as necessary and appropriate to promote overall success with agency goals and objectives as they relate to awarding business opportunities to minority- and women-owned businesses. To facilitate the monitoring process, automation of the data base, and statistical reporting components will be completed to track contracting and subcontracting expenditures.

The TNRCC is committed to promoting HUB opportunities when and where possible. With this in mind, the agency will identify and benchmark successful public and private sector HUB programs. The agency will institute a program to aggressively seek out and educate prospective HUB businesses. In addition, the agency will be hosting an Economic Development Conference open to the Texas business community and offer a variety of business opportunity workshops and networking opportunities to interested HUBs and prime contractors and vendors seeking HUBs as partners and subcontractors. Further, the TNRCC will have representation at all available forums and events possible to inform perspective HUB vendors of TNRCC business opportunities. The agency will provide and continue to update appropriate

forms of media, including maintaining an Internet HUB Web page for all contractors and vendors, with information on the types of contracts and services available for purchase, and a reference list of solicitations.

Finally, the TNRCC's commitment to strong performance in HUB participation is illustrated by the fact that all managers' performance appraisals will include an evaluation of the utilization of HUBs.

Performance Benchmarking

Section 60, Article IX, HB 1, 74th Legislature, Regular Session, 1995 (the General Appropriations Act), requires the Legislative Budget Board, in conjunction with the Governor's Office of Budget and Planning and the State Auditor's Office, to establish a procedure for the development and identification of agency-specific and statewide benchmarks which provide for the interstate comparison of state agency and state government performance.

On April 15, 1996, the Governor's Office of Budget and Planning distributed *Vision Texas: The Statewide Planning Elements for Texas State Government* to guide the formation of state agencies strategic plans. This guide included both primary goals and statewide benchmarks for state agencies in the following functional areas: Education, Health and Human Services, Public Safety and Criminal Justice, Economic, Natural Resources, General Government, and Regulatory.

The priority goal for the Natural Resources function is:

To conserve the state's environment through prudent stewardship of the state's natural resources

The following statewide benchmarks directly affect the TNRCC:

- Percent of Texans living in areas meeting or exceeding air quality standards
- Tonnage reduction in priority air pollutants in counties not meeting air quality standards
- Percent of Texans with drinking water meeting or exceeding safe drinking water standards
- Percent of Texas municipal solid waste that is recycled

The TNRCC is committed to the goal of conserving the state's environmental resources. The agency, in accordance with the *Instructions for Preparing and Submitting Agency Strategic Plans for the Period* 1997-2001, will work with the Governor and the Legislature to develop and report on agency benchmarks that will provide meaningful interstate comparisons of the TNRCC's performance.

The TNRCC is committed to achieving the environmental goals expressed in the creation of the Natural Resources primary goal and statewide benchmarks. The agency will work to increase the number of Texans living in areas meeting or exceeding air and water quality standards. The TNRCC is also committed to preventing and reducing pollution, especially in areas which currently do not meet federal and state standards. Finally, the agency will work to increase the amount of waste recycled and to decrease the amount that is disposed in our landfills and other facilities.

The TNRCC has developed new permitting and assessment objectives and strategies for air, water and waste in our strategic plan to reduce and prevent pollution. The new permitting strategies will allow us to measure the number of permits reviewed in a consistent and timely manner that promotes flexibility in achieving environmental goals and fosters compliance with environmental laws. The new assessment and planning strategies will allow the TNRCC to protect public health and the environment consistent with sustainable environmental quality and quantity for our natural resources, and to develop appropriate policies and regulations.

"The TNRCC is also committed to preventing and reducing pollution, especially in areas which currently do not meet federal and state standards."

The outcomes and outputs developed for these new strategies already measure the compliance with of air and water quality standards. In some cases, these measures are the same as those identified above; where they differ, the TNRCC will work with the Governor and the Legislature to standardize our reporting.

The TNRCC strategic plan also contains a strategy for pollution prevention and recycling. This strategy has as an objective to achieve by the year 2000, a decrease of 50 percent in the amount of solid waste going to landfills when measured by the 1992 level. To achieve this reduction, the state will need to increase the amount of municipal solid waste that is recycled. Although the TNRCC does not report the percent of municipal solid waste that is recycled in Texas, the agency will work to identify the percent of solid waste that is recycled and report how it has on extended the use of our landfills.

Regulatory Operations

While the consolidation of agencies into the TNRCC created major challenges for overall agency infrastructure, the agency's individual regulatory programs, as a general rule, were not as heavily impacted by consolidation. Although it is very difficult to find broad-based benchmarking comparisons with other states, the agency's regulatory programs reflect a breadth and level of capability that places them among national leaders in many areas. Many states, particularly smaller and less industrialized states, have not faced the environmental challenges Texas has as a large, heavily industrialized and geographically diverse state, and they have not had the need or the resources to develop the same level of capability. The fact that the TNRCC has these capabilities has, at times, resulted in Texas successfully influencing federal initiatives, while at other times it has resulted in frustration where the U.S. Environmental Protection Agency has not allowed Texas to customize approaches to fit its needs. The TNRCC has been able to assume a national leadership role in some program areas, such as pollution prevention, voluntary site cleanup, permitting of air pollution sources, the underground injection control permitting program, and watershed management because state laws were put in place to address problems not sufficiently addressed by federal statutes. While the TNRCC may possess technical capabilities that place it in a position of national leadership on many issues, this does not mean that all environmental problems have been adequately addressed. The sections of this plan focusing on economic and population growth, science and technology, and on state and federal legislation illustrate the numerous challenges and opportunities that remain to be addressed.

The Regulatory System

Public Access and Participation: Along with the specific environmental challenges that confront the TNRCC, the regulatory system itself also presents challenges that transcend individual programs or issues. Assuring the public's opportunity for participation in regulatory decisions is a particularly important and an extremely challenging issue. It is also a particularly important matter because even a perception that processes are not open to public input undermines public confidence in the regulatory system. In this area, the TNRCC finds itself charged with implementing new statutory provisions that require more case-by-case consideration in granting access to decision-making processes, particularly in relation to formal evidentiary hearings. It is proving to be extremely challenging to find the point that balances legitimate needs to participate in and impact decision-making processes with the desires of Texas communities and businesses to construct or expand facilities in a time frame that does not place them at a competitive

disadvantage with other states that may not offer the same public involvement opportunities. Several divisions have been established within the agency to provide the public with a greater level of access and participation in the decision-making process, including the Public Interest Counsel, the Small Business Assistance Program, the Local Government Assistance Program, and the newly created Public Assistance Office.

As a reflection of their commitment to assuring public participation, the Commissioners in April 1996 adopted a resolution (see page 55) emphasizing the importance of public participation and provided direction to the Executive Director regarding the strengthening public participation opportunities.

Regulatory Reform: Another overarching challenge regarding the regulatory system is the challenge of reforming the system without lowering environmental goals or standards. Achieving significant and substantive reform of the regulatory framework is one of the top priorities of the Commissioners and the Executive Director. Regulatory reform embodies looking routinely and systematically for opportunities to reform the regulatory framework by streamlining the number of regulations and the length of regulations, by eliminating redundant or outdated regulations and by simplifying the wording of regulations. Regulatory reform also embodies elimination of inconsistencies in the substantive or procedural aspects of the agency's rules and regulations. Finally and perhaps most importantly, regulatory reform embodies systematically seeking opportunities to inject more common sense into regulations and to ensure that regulations are based on achieving performance standards, rather than undertaking rigid prescriptive measures, wherever possible.

The need for regulatory reform results from the fact that the regulatory framework (contained in over 70 chapters of rules administered by the TNRCC) has grown rapidly over the past 25 years and has not been subjected to a systematic review. Generally, the regulations reflect the mandates of federal and state laws addressing problems in isolation from each other and at different points in time. While at its highest level regulatory reform could ultimately involve the daunting task of unifying or reconciling the disparate state and federal statutes, significant progress can be achieved where the statutes have given the TNRCC discretion in the procedural and substantive aspects of its rules and in its operating processes. The regulatory reform effort may also identify the aspects of the regulatory system most in need of narrowly focused statutory changes which might be more feasible than a fundamental restructuring of environmental statutes.

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IMPACTS OF ECONOMIC AND POPULATION GROWTH

According to the Texas Comptroller of Public Accounts, the state population will grow from 18.8 million people in 1995 to 20.4 million in 2001, an increase of almost 10 percent, and the state gross product is also expected to grow by approximately $65 billion during that period, an increase of 15 percent. While the state is fortunate to have such growth, the projected growth will present significant challenges to the TNRCC in protecting our natural resources and environment. The fact that much of the growth will occur in unincorporated areas where local governments generally lack the authority to administer environmental programs will make it even more difficult for the state to respond to these environmental challenges. Although these challenges will exist in all regions of the state, they will be most acute in the state's rapidly growing urban centers on both sides of the international border with Mexico and along the I-35 corridor.

> *"Projected growth will present significant challenges to the TNRCC in protecting our natural resources and environment."*

Air Quality

The growth of large urban and suburban areas has historically been associated with deterioration in air quality in the United States (U.S.). This is perhaps best illustrated by the large numbers of urban areas that exceed federal air quality standards and that are deemed nonattainment under the Federal Clean Air Act. This national pattern is illustrated in Texas by the fact that Texas has four urban areas (Dallas-Fort Worth, Houston-Galveston, El Paso, and Beaumont-Port Arthur) that do not attain the federal standard for ozone and one area (El Paso) that is nonattainment for carbon monoxide and particulate matter. Texas is also fortunate that it has several large urban centers which at this time continue to comply with all federal air quality standards.

Three factors are principally responsible for the relationship between growth and urbanization and air quality. First, population growth is often based on the expansion of industries that generate significant emissions. Secondly, even where growth is not associated with high emitting industries, growth is almost always associated with increased numbers of motor vehicles which are major contributors to some air pollution problems. Third, population growth also means that emissions will increase from a variety of individual activities and from the small businesses necessary to support a larger population.

For the TNRCC, the potential impact of growth on air quality presents several challenges. One of these challenges is to limit the new emissions associated with desirable growth in our nonattainment areas. The approaches to doing this are to a large extent mandated in federal law. New industrial sources in these areas are required to offset any new emissions they will produce by retiring or reducing other sources of emissions. Additionally, federal requirements for development of regulatory strategies to achieve attainment mandate that reductions must occur after netting out the increased emissions that will result from projected population growth. Achieving reductions on a net growth basis will present severe challenges in areas such as Houston where the reductions needed to meet federal

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standards are likely to be large even before growth is taken into account.

Another major challenge will be to help our near nonattainment areas accommodate growth without falling into nonattainment. Consequently efforts to assist these areas, which began in the past years will need to be sustained and perhaps expanded. Possible changes in the federal ozone standard will also be a major factor influencing attainment status of areas such as San Antonio, Austin, Corpus Christi, Longview-Tyler-Marshall, and Victoria.

Growth is also likely to be characterized by further increases in complaint work loads, which have risen sharply over the last 10 years. This is because new industries will find it increasingly difficult to find remote locations and because in many communities, residential areas are being established close to existing industrial facilities.

Water Supply

Increased population and economic growth will continue to stretch the state's water supplies and will require the state to manage its finite water resources more effectively. Total water consumption is expected to rise from 14.8 million acre-feet in 1995 to an estimated 16.5 million acre-feet in 2002, an increase of almost 11 percent. Approximately 21 percent of the state's annual water use is for municipal purposes, 62 percent for irrigation and 11 percent for manufacturing. The remaining water consumption (6 percent) is used for power generation, livestock, and mining.

Municipal water needs are expected to surpass available supplies in the next 15 to 50 years for the Corpus Christi, San Antonio, Houston, and Austin regions. This relative short term need for additional water supplies will result in increased activity in the water rights permitting program area. Specifically, it is anticipated that applications to amend water rights to increase amounts devoted to municipal water use and provide for the inter-basin transfer of water will increase. Applications for the reuse of treated effluent are also anticipated to increase.

Statewide drought is emerging as a major problem. Water supply shortages such as those being experienced by the Rio Grande Valley could have severe ramifications for both drinking water and agriculture. The TNRCC and the Texas Water Development Board are working together to respond to the drought conditions.

Water marketing has been proposed as one of the best means to meet additional water needs. Water rights may be sold or leased, and the transfer may be permanent or temporary. In an open market, purchasers could pay less for the water or water rights than would be required to develop new water supplies, assuming that new water is available for appropriation. The newly acquired supply could also be put to use much more quickly. Changes needed to provide for the transfer and marketing of water rights may need prior TNRCC approval. The TNRCC should facilitate such water rights permitting, where appropriate, and be able to expedite the process during drought.

Many of the state's aquifers are being drained faster than they are being replenished. To help counter this impact of continual growth, the Commission encourages the conjunctive management of surface and groundwater. This includes the approval of the artificial underground injection of surface water into an applicable aquifer during times of sufficient surface stream flows for storage and subsequent withdrawal during times of insufficient surface flows. The subsurface storage of water prevents the evaporative loss of water and avoids the environmental impacts associated with the costly construction of a surface reservoir.

Water Quality and Treatment

With the increase in economic and population growth in all major urban areas in the state, the effects on surface and groundwater quality could be significant. The number of permitted wastewater systems has risen from 15,500 to over 38,000 over the last seven years. Effluent from domestic discharges is now approximately 6,908 million gallons per day and industrial discharge is approximately 54,604 million gallons per day. Since a similar rate of growth in discharges is expected to occur through the remainder of the century, a corresponding continued increase in applications for new and amended wastewater discharge permits is also anticipated. Additionally, the proper design, installation, and operation of these systems will need to be ensured through continued monitoring and enforcement of permits.

Increased monitoring of ambient water quality will also be necessary as discharges to affected streams increase. Development of regional treatment plans may be needed to ensure that permitted wastewater discharges attributed to economic and population growth do not approach or exceed the assimilative capacity of receiving waters. Although the state's surface water quality has improved significantly due to advanced methods of treatment of wastewater streams (point source), the pollution from nonpoint sources in the urban and agricultural sectors continues to pose major challenges. As the population and economy grow in the urban areas, so will the effects associated with nonpoint source pollution.

Waste Management

Typically, increases in population and economic growth have resulted in increased waste generation (municipal solid waste (MSW), industrial solid waste and hazardous waste). However in 1994 and 1995, industrial and hazardous waste (IHW) generation declined despite increases in population and economic growth. This trend is likely to continue as industry improves production processes and environmental management systems to avoid the future liability and current costs associated with managing such wastes. A similar trend is occurring in municipal solid waste where waste disposed of per capita is decreasing. These MSW achievements in the face of continued growth can be attributed to local recycling programs, such as Clean Cities 2000, and local composting programs which have been encouraged by the TNRCC. If not for the recent and projected economic and population growth, the total volume of MSW disposed of in Texas would be declining.

With very few exceptions, it is anticipated that Texas' commercial facilities will continue to have adequate capacity over the next few years for most hazardous wastes. Certain kinds of hazardous waste management facilities are unavailable in Texas (for example, zinc recovery). However, the statewide demand for these facilities is not great and only a limited number may be needed in the nation. Industrial, nonhazardous solid waste does not require a permit when disposed on properties owned or operated by the generator within 50 miles of the point of generation. Nonhazardous disposal capacity at industrial facilities is currently under evaluation. Preliminary analyses suggest that there is likely to be sufficient disposal capacity to manage the 1998 projected demand for this type of disposal capacity.

Many MSW facilities have closed over the past few years due to the inability to meet new federal requirements. In mid 1995, only 191 landfills were open and active, compared with 493 in 1990, a 61 percent decrease. Despite these closures, Texas currently has about 20 years of municipal solid waste disposal capacity. A factor which can impact the available capacity for IHW and MSW on a day-to-day basis is the interstate movement of wastes. The potential

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exists for Texas' solid waste disposal capacity to be negatively impacted from waste imports from other states who have both solid waste capacity shortfalls and high disposal fees.

Due to the continued closures of municipal solid waste landfills in Texas, many communities must transport their waste greater distances to the nearest landfill. This results in higher hauling costs and may be contributing to the higher levels of illegal dumping noted by many regional planning groups. Closed landfills that are no longer operating also come under the agency's jurisdiction and could become the subject of future remedial or enforcement actions if groundwater contamination or methane gas buildup is discovered. Of greatest concern is the fact that economic and population growth may result in development occurring over closed landfills, increasing the potential of human exposure to these environmental problems.

The rising number of automobiles associated with population growth is also increasing the quantity of auto-related wastes such as oil and other lubricants, used tires, batteries and scrap metal. When unaddressed, such wastes have resulted in tire dumps, lead contamination from accumulated batteries, and ground water contaminated from the improper disposal of used oil. State programs have been implemented to deal with these wastes but the upward trend in the quantity of such wastes will continue to challenge these programs.

Another ramification of growth is an increase in property transfers (as reflected by the number of home sale listings and industrial building permits). To protect against future environmental liability, many purchasers conduct audits and require the seller to remediate contamination prior to purchasing the property to safeguard their interests. These audits may lead to an increase in the number of Superfund sites discovered. A strong growth rate and the resulting property transactions will also be likely cause a high demand for voluntary site cleanups to be processed and overseen by the agency. As a result of the voluntary cleanup program, contaminated properties (brown fields) are redeveloped, thus helping to preserve pristine areas of the state and to reduce urban sprawl.

SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENTS

Much of the work of the TNRCC involves making scientific judgments about the significance of actual or potential pollution levels or ensuring that appropriate technologies are used to prevent, minimize, or remediate pollution. As a result, advancements in technology can have a great impact on the agency's operations, policies, and priorities. In many cases, these advances will improve the agency's ability to identify and reduce environmental and human health risks, and to provide more flexible and cost effective options to the regulated community. Additionally, like most large organizations, the TNRCC also makes extensive use of technology for efficiency in its internal operations, particularly in relation to information management and communications. Looking ahead over the next several years, a number of technological and scientific advancements will be contributing to improved regulatory operations or to improvements in agency operations and customer service.

Regulatory Operations

Satellite Monitoring System: The TNRCC is using satellite imagery to detect and track regional haze events, large fires, smoke plumes, and dust storms at a high resolution. The imagery is also being used to assist in weather forecasting and burn forecasting.

Urban Airshed Model (UAM): The TNRCC has a UAM staff that is nationally recognized for its technical capabilities. The staff is currently using the data from the intensive Coastal Oxidant Assessment for Southeast Texas (COAST) to assist in the development of more cost-effective ozone control strategies for the Houston/Beaumont nonattainment areas. In anticipation of new or revised federal standards, the staff must procure new and highly complex modeling tools and expertise.

Photochemical Assessment Monitoring Station (PAMS) Program: The TNRCC will be using the PAMS network, which includes advanced meteorological and air pollution monitoring equipment, to support development of cost-effective pollution controls for the state's ozone nonattainment areas.

Monitoring Data for Air Permit Review: The TNRCC is exploring the possibility that developing monitoring technologies may allow plants to monitor fence line or nearby air quality levels much more extensively. This will provide the opportunity to incorporate actual data on existing air quality levels more frequently into permitting decisions and lessen the dependence on computer simulation models.

Remote Sensing: Remote sensing will be used to target high-emitting vehicles commuting into counties with vehicle emission testing programs. The van-installed remote sensing equipment will be strategically placed to capture auto emissions from single-lane traffic in an acceleration mode and will be utilized in densely populated areas. The development of such technology has made it possible to narrow the geographic scope of emission testing programs.

Pollution Prevention and Cleanup

Improved Site Investigation Methods: The TNRCC is constantly seeking new technologies to help identify, evaluate, and remediate Superfund sites. The agency is implementing field screening techniques for investigation of residential yards that screen soil samples for inorganics (i.e., metals). This technique promises to provide faster site characterization information at a lower cost, thus yielding resource and dollar savings to both the state and private entities.

Bioremediation: Over the past several years, significant research has occurred in the field of bioremediation of contaminants in the environment. One example is "in-situ bioremediation" of ground water. Currently, the standard practice for ground water remediation is the pump and treat method, which in many settings may be time consuming and relatively ineffective. In-situ bioremediation will be a possible alternative to the standard practice. Utilization of in-situ bioremediation could lead to decreased costs to the regulated community and yield more effective and timely remediation in many situations.

Low-Flow Purging and Sampling Techniques: Low-flow purging and sampling techniques are being developed for the collection of data from ground water monitoring wells. Permitees are using this process to collect ground water samples for compliance monitoring, remedial investigations, and corrective action monitoring. Low-flow purging and sampling may greatly reduce the cost of ground water sampling and improve data quality and provide more alternatives and flexibility to customers involved in ground water sampling.

Ground Water Protection: New technologies and materials, such as geosynthetic clay liners, new geomembrane materials, and soil additives, have been developed in recent years and should continue to be developed and improved in the immediate future. Other existing technologies, such as pneumatic piezometers, have not seen wide usage in landfills, but may see increased importance under the new waste-as-ballast rules. These developments can benefit the regulated community through improved and/or more cost effective liner, leachate collection, and cover systems.

Waste Tires: Tire chips are now approved to be used in the leachate collection layer, protective layer, and final cover of landfills. Tire chips are also being used in cement kilns and pulp and paper mills as an alternative source of energy. Use of tire chips in these ways may slow the increasing cost of landfill construction. Communities will see a reduction or elimination of the stockpiled shredded tires located throughout the state. Additionally, the reduction in these piles will reduce the potential fire danger associated with them.

Waste Recycling for Production of Syngas: Several technologies have been developed or modified to produce syngas from hazardous and nonhazardous wastes that previously had to undergo treatment and/or disposal. The expanded use of these technologies will reuse valuable resources and decrease the need for disposal capacity in both landfills and incinerators.

Agency Operations and Customer Service

Electronic Reporting: The TNRCC is accepting electronic submittal of monthly waste receipt, waste shipment, and annual waste summaries. There are plans to develop an electronic reporting module to also accept wastewater reports. In addition, the agency is developing a system that will make it easier for companies to electronically submit emissions inventory data and other required air quality reports. This process reduces the volume of paper and number of data errors, which allows staff to devote

resources to other initiatives. In 1995, 70 percent of all class 1 and hazardous waste receivers used electronic reporting.

Geographic Information System (GIS): The TNRCC is using greater amounts of regionalized data regarding the location of individual pollution sources and their impact on the environment in order to reduce the cost and time associated with data collection and analysis. There are varying levels of GIS use throughout the agency. Some areas of the agency have extensive knowledge and experience with the system, while other areas have plans to expand its use.

- The Office of Air Quality will use GIS to update and maintain the Monitoring Operations Division computer map library. These map files will be used to produce the annual *Air Monitoring Site Location Report* and to prepare displays of monitoring site locations.
- The Office of Water Resource Management plans to establish a more efficient system to quickly find overlaps in water and sewer service area delineations, assist in the analysis of the impact confined animal feeding operations may have on bodies of water, provide information about flood protection levels, and assist in mapping areas in the state which are particularly vulnerable to groundwater contamination.
- The Office of Waste Management plans to use the system to analyze projections of solid and hazardous waste management capacities, which should ultimately allow for more comprehensive, long-range waste management planning and assessment. It will also allow the agency to plot the proximity of leaking petroleum storage tanks to water wells and other sensitive receptors.

Prophecy: The TNRCC, with the acquisition of the new software, Prophecy, will assess collection histories, pinpoint problems with delinquent accounts, and track undeliverable mail statistics for all customers. The agency will also have the ability to assess penalties and interest on late payments, and, as a result, will manage accounts better and increase the rate of collection.

Agency World Wide Web Page on the Internet: The TNRCC is upgrading the technology to improve accessibility to the agency's Web page, which will reduce the number of problems for the growing base of customers. This technology is also creating new avenues through which the agency can obtain information quickly and accurately. The agency is also capitalizing on the technology by creating user friendly applications that will facilitate the exchange of information.

Automated Records Retention: The TNRCC is planning to implement technology that will automate the access, storage, and retrieval of the agency's records. The automation will allow for more efficient, accurate, and timely access to records.

Internal Communications Network: The TNRCC is exploring opportunities to upgrade the internal communications network. The upgrade would allow the agency to more easily adapt to the changing demands of our customers and to meet the growing demands for information.

STATE STATUTES, RULES, AND COURT DECISIONS

In looking forward over the next several years, the TNRCC faces many challenges and opportunities that stem from the need to be responsive to state statutes, rules, and court decisions. While in some cases the agency will be responding to statutes or judicial actions that took place very recently, in other cases actions taken several years ago will continue to present the TNRCC with new challenges in the implementation of its programs.

Air Quality Initiatives

Inspection/Maintenance (I/M) Program Revision: The TNRCC is developing the Motorist's Choice Vehicle Emissions Testing Program, which offers maximum convenience and flexibility by giving motorists in Dallas, Tarrant, Harris, and El Paso counties a choice of facility and type of I/M test. The I/M Program is designed to satisfy Executive Order GWB 96-1, which was signed by the Governor in accordance with SB 178, 74th Legislature, 1995, and will be implemented by the Texas with Department of Public Safety. The Motorist's Choice Program was developed using the maximum flexibility provided by EPA policy changes and the National Highway System Designation Act of 1995.

Texas Clean Fleet Program: In response to the clean-fuel vehicle fleet mandates of SB 200, 74th Legislature, 1995, the TNRCC is developing the Texas Clean Fleet Program, which will ensure that certain fleets in ozone nonattainment areas operate vehicles that have fewer emissions of harmful pollutants. In order to provide additional flexibility, incentives to encourage compliance such as mobile emission reductions credits will also be implemented.

Permit Renewal Changes: Under the provisions affecting permit renewal in SB 1125, 74th Legislature, 1995, the TNRCC is prohibited from imposing requirements that are more stringent than those of a current permit unless it is necessary to prevent air pollution, or where limitations are needed to comply with state or federal requirements. Additionally, the TNRCC is prohibited from holding a contested case hearing on a renewal if there is not an increase in emissions or the emission of an additional air contaminant. However, the TNRCC can hold a hearing on a permit amendment, modification, or renewal if the applicant's compliance history suggests it is necessary. These provisions should provide added flexibility to the regulated community, and could also result in resource savings through fewer hearings.

Flexible Permits: The TNRCC is streamlining its permitting processes through the implementation of SB 1126, 74th Legislature, 1995, which allows certain types of changes in construction or operation methods without a permit amendment. These provisions provide additional flexibility for regulated facilities.

Near Nonattainment Area Monitoring: The TNRCC is coordinating with the areas that are close to ozone nonattainment (including Austin, San Antonio, Corpus Christi, and Longview-Tyler-Marshall) to help these areas to remain in compliance with federal air quality standards and avoid the costly pollution control measures that face the nonattainment areas. Using the funds appropriated to help near nonattainment areas, the TNRCC will work with these communities to conduct monitoring, modeling, and emission inventory work that will enhance our understanding of ozone formation

and may suggest the most effective means of holding down ozone levels in these communities.

Tejas Testing Lawsuit: The TNRCC is responding to a lawsuit filed by Tejas Testing Technology that resulted from the elimination of the centralized I/M Program in the state's non-attainment areas by the Texas Legislature through SB 178. The plaintiffs are suing for damages of $187,542,000, plus prejudgment interest and attorney's fees.

Standard Exemption Review. The TNRCC is conducting a comprehensive evaluation of the air permitting standard exemption list (30 TAC §116.211) in order to determine if revisions or updates are needed to ensure an adequate protection of human health. Standard exemptions are applied to new facilities or changes to existing facilities that are expected to result in an insignificant contribution of air contaminants to the atmosphere. The goal of this review is to strengthen and reinforce standard exemptions, which are valuable tools to efficient and effective regulatory oversight. This will be the first review of the exemption list since its inception.

Water Initiatives

Edwards Aquifer Water Quality Protection Program. The TNRCC is responding to public comments on the protection of the Edwards Aquifer. Under the provisions of Section 26.046, Texas Water Code (the provisions of which were originally enacted by HB 1321, Acts of the 64th Legislature, 1975), annual hearings are held in Kinney, Uvalde, Medina, Bexar, Kendall, Comal, or Hays counties to hear from the public on actions the TNRCC should take to protect the aquifer from pollution. The most recent hearings in 1994 and 1995 have resulted in a report and rulemaking that address the major issues raised by the public, including those relating to solid waste and sewage facilities. The TNRCC will also ensure that rule revisions result in the more efficient and effective implementation of the program.

Water District Procedural Clarification: The TNRCC is working to ensure procedural uniformity and regulatory certainty through the establishment of a uniform system of financial and administrative procedures to govern water districts through the implementation of SB 626, 74th Legislature, 1995. The Act addressed the lack of procedural uniformity among the different types of local water districts that has lead to confusion among citizens, district board members, and state agency personnel.

Water Quality Protection Zones: In response to SB 1017, 74th Legislature, 1995, the TNRCC is developing a program for the review of water quality protection plans that are submitted by landowners within the extraterritorial jurisdiction of cities of a specified size. This program will provide eligible property owners the opportunity to create water quality protection zones subject to the Commission's regulations instead of local municipal requirements. This may result in cost savings to those property owners.

Water Utilities and Economically Distressed Areas: The TNRCC will provide coordination and technical assistance to the Texas Water Development Board in the implementation of HB 1001, 74th Legislature, 1995, which addresses the economically distressed areas along the border. The TNRCC will help ensure that effective interaction takes place among developers, residents, and local governments.

NPDES Delegation: The TNRCC is seeking delegation of the federal wastewater discharge program (National Pollutant Discharge Elimination System, or NPDES), as provided by HB 2015, 74th Legislature, 1995. Delegation will eliminate dual state and federal permitting requirements and reduce permitting and compliance costs for facilities such as wastewater treatment plants and large agricultural operations. This will benefit those facilities currently subject to dual permitting.

Texas Coastal Management Program (CMP). In response to the rules of the Coastal Coordination Council, the TNRCC must review a large number of proposed federal actions that may affect coastal resources, such as permits, for consistency with the CMPs goals and policies. The Texas General Land Office was directed by statute to coordinate the development of the program with other pertinent state agencies. Response to these requirements will involve a significant dedication of agency staff and resources.

Review of Water Rates: The TNRCC expects more petitions for rate cases relating to surface water sources as a result of a recent Texas Supreme Court decision that found the TNRCC does have jurisdiction in these matters. The Supreme Court overturned an earlier court decision (Brushy Creek v. TNRCC) that limited the agency's power to hear rate cases relating to surface water sources. No new cases were filed during that time. Now that the scope of the agency's authority has been established, there may be a greater opportunity for any complaining entities to be heard. This may increase the number of contested hearings.

Waste Initiatives

Recycling: The TNRCC continues to work to meet the 40 percent waste reduction goal mandated by SB 1340, 72nd Legislature, 1991, and SB 1051, 73rd Legislature, 1993. Agency programs, such as the Clean Texas Star, Clean Cities 2000, and Texas Recycles Day, raise recycling awareness and public involvement. Future challenges to reaching the 40 percent goal include increasing the diversion of commercial wastes from landfills and decreasing landfill disposal of other wastes such as yard trimmings.

Waste Tire Recycling Program: The TNRCC is encouraging the beneficial use of used tires by helping to develop markets for tire recycling and energy recovery, as required by SB 776, 74th Legislature, 1995. This effort includes a grant program and the payment of specified funds for the promotion of waste tire recycling. The agency will also develop programs to ensure the effective enforcement of requirements governing out-of-state tires, as well as biennial fiscal audits (paid for by affected entities) for all processors and recyclers.

Used Oil Recycling: The TNRCC is implementing and developing programs to encourage used oil recycling in response to SB 1683, 74th Legislature, 1995. This includes a grant program for both public and private entities to encourage recycling of used oil and a public education program. The programs will facilitate the development and creation of new centers for the public to dispose of used oil. Additionally, the TNRCC will be able to obtain delegation of the federal program from EPA, which will remove some dual regulations on affected entities. Delegation is anticipated by September 1996.

Voluntary Cleanup Program: The TNRCC is encouraging the voluntary cleanup of solid and hazardous waste contaminated sites through a new program established by HB 2296, 74th Legislature, 1995. The Voluntary Cleanup Program will encourage the voluntary and timely cleanup of contaminated sites to make them available for commercial redevelopment or economic reuse. The TNRCC will also develop additional incentives, such as conditional certificates of completion, that may double the number of sites entering the program.

Petroleum Storage Tank Remediation Program: The TNRCC is modifying the petroleum storage tank remediation program in response to the program changes made by HB 2587, 74th Legislature, 1995. These changes are intended to ensure efficient and effective methods of remediation, enforcement, and administrative oversight, including the use of risk-based corrective action when evaluating corrective action plans for remediation. Certain program elements relating to regulatory services are being privatized, as authorized by the statute.

"The Voluntary Cleanup Program will encourage the voluntary and timely cleanup of contaminated sites to make them available for commercial redevelopment or economic reuse."

> *The TNRCC anticipates that SB 1660's provisions can be incorporated into as much as 90 percent of its enforcement actions, and it will result in greater predictability and cost savings for the regulated community.*

Solid Waste Fees: The TNRCC faces challenges posed by the reallocation of 50 percent of the dedicated revenues from the disposal or transportation of solid waste to local governments as required by HB 3072, 74th Legislature, 1995. The TNRCC will continue to implement state activities, permit landfills and other solid waste facilities, manage recycling efforts, conduct ground water monitoring programs, and provide oversight over local initiatives despite reduced resources. The allocation of more funds to local entities will provide a greater degree of local control and responsibility.

Texas Risk Reduction Rule: The TNRCC is developing the Texas Risk Reduction Rule, which will establish a consistent risk-based corrective action approach for all waste programs, streamline the application and review process, and expedite the implementation of appropriate and cost-effective remedial actions. The rule is designed to ensure that remediation of a contaminated site results in a level of cleanup sufficient to provide protection of public health and the environment based on the intended future use of the property.

Cross-Cutting Initiatives

Proposition 2: The TNRCC continues to implement the Proposition 2 Program, created by constitutional amendment and HB 1920, 73rd Legislature, 1993 which provides for exemptions from property taxes for pollution control equipment. To date, approximately $2.3 billion in property has been exempted through the program. Approximately 1,000 applications for property exemptions are expected to be processed each year.

Procedural Rules Revisions: The TNRCC is undertaking a major initiative to reduce duplicative procedural requirements and consolidate processes across numerous chapters of the Texas Administrative Code. This ongoing effort began with the changes required by SB 12, 74th Legislature, 1995, which transferred the responsibility to conduct contested case hearings on behalf of the Commission to the State Office of Administrative Hearings (SOAH), and SB 1546, Seventy-Fourth Legislature, 1995, relating to persons affected in the context of contested case hearings.

Property Rights/Takings: In response to SB 14, 74th Legislature, 1995 (the Private Real Property Rights Preservation Act), the TNRCC is assessing each rule package to evaluate any potential impacts on private real property. While it is anticipated that many of the TNRCC's activities will be subject to the exceptions provided in statute, the TNRCC will work to ensure that all agency rulemakings undergo a thorough analysis. A pending court case (please see the discussion of the ACCORD lawsuit below) may affect the TNRCC's implementation of this statute.

Administrative Penalties. The TNRCC is streamlining the processing of many enforcement cases in response to SB 1660, 74th Legislature, 1995. Under the bill, the TNRCC is not required to include findings of fact and conclusions of law other than those which give it jurisdiction. The TNRCC can adopt an agreed order that provides that the order is not an admission of wrongdoing or intended for consideration in an entity's compliance history. Finally, agreed orders are inadmissible in third party litigation. The TNRCC anticipates that SB 1660's provisions can be incorporated into as much as 90 percent of its enforcement actions, and it will result in greater predictability and cost savings for the regulated community.

The Environmental, Health, and Safety Audit Privilege Act: The TNRCC is addressing the challenges that come from the implementation of the Environmental, Health, and Safety Audit Privilege Act created by HB 2473, Acts of the 74th Legislature, 1995, which encourages voluntary compliance with health and safety and environmental laws through voluntarily

conducted audits. Procedures for the handling of audit notices and reports have been implemented, and a training program has been established to educate both agency personnel and the regulated community. The TNRCC will provide assistance to small businesses wishing to participate. The TNRCC will need to develop procedures and controls to ensure that environmental audit periods do not coincide with the violations that are cited in enforcement actions, that disclosed violations are being corrected, and that confidentiality of disclosed information is guarded.

CAFOs/Takings Lawsuit: An environmental/landowner group known as ACCORD Agriculture, Inc., on behalf of individuals opposed to concentrated animal feeding operations (CAFOs) in the Panhandle, has filed suit against the TNRCC challenging its authority to authorize CAFOs without giving individuals opposed to a facility the opportunity for a contested case hearing. At issue is whether or not TNRCC rules governing the permitting of CAFOs by rule will stand. If the suit is successful, agency rules could need revision to allow contested case hearings for some CAFOs. This lawsuit also challenges the constitutionality of SB 14 (the Private Real Property Rights Preservation Act). Specifically, ACCORD is challenging the Act's protection of only the private real property subject to the governmental action, arguing that it should also extend to adjacent landowners.

FEDERAL STATUTES, RULES, AND COURT DECISIONS

Historically, federal and judicial actions have had a significant impact on state environmental regulatory agencies. Looking ahead, federal legislative and judicial actions will continue to provide major challenges for the TNRCC. In viewing challenges derived from federal government actions, it is also important to note that EPA rules and policy positions often have major impacts on the TNRCC and that those EPA actions are often the result of the continuing implementation of federal statutes that are several years old.

Air Quality Initiatives

Federal Clean Air Act (FCAA): The 1990 amendments to the FCAA will continue to pose significant challenges for Texas over the next several years. In some cases the new programs and regulatory measures the FCAA requires will have statewide effect; however, in many other cases the new measures will apply only in certain areas where monitored air quality fails to attain one or more of the federal standards. Typically, this has been in the four urban areas designated as nonattainment for ozone: Dallas-Fort Worth, Houston-Galveston, El Paso, and Beaumont-Port Arthur. Among the measures which must be developed, implemented, or expanded due to the FCAA over the next six years are:

- **Operating Permits** Depending on EPA approval, the TNRCC will finalize an interim operating permit program sometime this summer. The purpose of this program is to codify all of the regulations affecting an industrial site into a single enforceable document. Approximately 3,000 sites in Texas are expected to come under this program. The agency plans to expand its outreach activities and offer additional technical assistance to aid the regulated community in meeting these new federal requirements.

- **State Implementation Plan (SIP) Revisions** The TNRCC will be developing comprehensive SIP revisions for all areas of the state which fail to meet the national ambient air quality standard for ozone by 1996. Planning will involve the complex inventory, modeling, and control strategy development necessary to demonstrate attainment of the standard by 1999, or for Houston by 2007, and to identify how the additional reduction of three percent per year in ozone forming pollutants required by the FCAA will be achieved. Further regulation will likely result in significant challenges and additional costs for large industries, small businesses, communities, and individual citizens in affected areas to make the changes necessary to achieve these increasingly difficult reductions. The TNRCC, in cooperation with the diverse stakeholders in each of these areas, faces the challenge of developing the most appropriate set of cost-effective, equitable, and acceptable control measures. Once these measures are adopted, the TNRCC will be required to implement and enforce these measures in the most efficient and effective way possible.

> *"The 1990 amendments to the FCAA will continue to pose significant challenges for Texas over the next several years."*

- **Ozone Standard** EPA is considering changes to the ozone standard that could have far reaching consequences in terms of which areas of the country are considered attainment and non-attainment.

- **Ozone Transport** Texas is one of the 37 states participating in the Ozone Transport Assessment Group (OTAG). OTAG was charged by EPA in 1995 with identifying the causes and extent of ozone being transported across regions and with developing regulatory strategies to reduce ozone transport. The recommendations of OTAG, if adopted by EPA, may provide an opportunity to reduce ozone levels in many areas if OTAG improves scientific understanding of the problem. However, OTAGs recommendations may also pose very significant costs.

- **Particulate Matter (PM) Standard** EPA has proposed changes to the federal PM standard to focus on the health impacts of smaller particles. Recent research indicates that these small particles could have a greater effect on premature death rates and increased illness/hospitalization than previously believed. The revised PM standard will result in significant time, effort, and money in order to determine the source of emissions for each affected area. The TNRCC will need to update its air modeling, emissions inventory, monitoring, and control strategies if the new standard is adopted. Depending on the specific standard adopted, the regulatory impacts on areas exceeding the new standard may be very significant.

- **Integrated National Ambient Air Quality Standards (NAAQS)** EPA is currently considering the development of integrated strategies for implementation of potential new ozone and particulate matter standards, as well as new rules for a regional haze program. Depending on the outcome, this initiative may pose significant costs for regulated areas and industries. It may also address complex and persistent air quality problems.

- **Maximum Achievable Control Technology (MACT) Standards** By the year 2000, EPA is expected to establish approximately 100 new MACT standards for hazardous air pollutant emission sources based on the best demonstrated control technology and practices in the regulated industry. The TNRCC will have to adopt and enforce the new federal regulations or develop alternative control approaches to produce equivalent environmental improvement. The TNRCC will also have to enhance outreach and technical assistance efforts for Texas businesses required to install new equipment, change processes, and improve record keeping. A significant number of MACT standards affect small businesses. Since MACT rules require retrofitting existing facilities with new controls, they can be quite costly.

- **Accidental Release** EPA is adopting accidental release rules for risk reduction efforts and risk management activities as part of its promulgation of Title III of the FCAA. Affected state sources may be negatively impacted by the accidental release management plan. Currently, it is unknown to whom delegation will be given in the state.

- **Congestion Mitigation and Air Quality** The TNRCC may be called upon to fund or assume some air quality/transportation planning tasks traditionally performed at the local level if Congestion Mitigation and Air Quality funding for community programs is eliminated as part of the future federal Intermodal Surface Transportation Efficiency Act reauthorization.

- **Vehicle Inspection/Maintenance (I/M)** The TNRCC is helping to implement a revised I/M Program known as the "Motorist's Choice." The TNRCC is taking full advantage of new flexibilities allowed under the National Highway System Designation Act, providing motorists in Texas' affected non-attainment areas with greater convenience without a loss in emission reduction credits. The new I/M Program will be administered jointly by the TNRCC and the Texas Department of Public Safety.

- **Compliance Assurance Monitoring/ Enhanced Monitoring** If EPA adopts new Compliance Assurance Monitoring rules in 1996 as expected, the TNRCC may need to significantly revise its related enforcement and monitoring activities. Many industry groups oppose these rules because such changes may require major stationary sources to meet new monitoring and record keeping requirements.

- **National Low Emission Vehicle/49 State Car Program** EPA has proposed a federal regulation that would require vehicle manufacturers which opt into the program to satisfy lower emission standards for new light-duty vehicles. These vehicles could be available in Texas for Model Year 2001. This rule may eliminate the need for an alternative fuels program to satisfy other federal clean fuel fleet mandates.

- **Petroleum Storage Tank (PST)/On-Board Canisters** EPA requires the development and installation of on-board vapor recovery canisters on all new motor vehicles starting in 1998. As vehicles are replaced over the next 10 years, this new technology will eventually eliminate the need for the current equipment used for control of vehicle refueling emissions at gasoline stations (Stage II).

- **Credible Evidence** EPA is considering the adoption of rules allowing the use of "any credible evidence" when certifying compliance or demonstrating that a violation has occurred under the Federal Clean Air Act. Depending on the outcome of this rulemaking, the TNRCC's compliance, enforcement, and operating permits programs may be significantly affected.

"The new I/M Program will be administered jointly by the TNRCC and the Texas Department of Public Safety."

Water Initiatives

Clean Water Act: Continued implementation of the Clean Water Act requires the TNRCC to update the state's Water Quality Management Plan. Reauthorization of this law in the immediate future is unlikely, but Congress appears to be favoring other bills targeted at specific water issues. Among the issues more narrowly targeted bills might address are the protection of wetlands, the setting of water quality standards, the adequate funding of state revolving fund monies, the application of risk assessment and cost/benefit analysis, and the adoption of more flexible nonpoint source requirements.

"If the Safe Drinking Water Act is reauthorized in 1996 as expected, the TNRCC may be allowed to streamline water supply testing, monitoring, and reporting requirements."

Drinking Water Redirection: Proposed changes in EPA drinking water rules should streamline reporting and monitoring requirements, as well as reprioritize federal funding for drinking water programs. If these rules are adopted as expected, the TNRCC will be able to make these new flexibilities available to the regulated community.

Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) - State Management Plan for Pesticides in Groundwater: EPA may soon promulgate rules under FIFRA requiring that the state develop a plan for particular pesticides before they may be used. If such rules are adopted as expected, the TNRCC will be the lead agency for implementing this program.

National Pollutant Discharge Elimination System (NPDES) Streamlining Initiative: NPDES aims to protect water quality by issuing permits to point source dischargers, requiring them to control, monitor, and report their discharges. As part of a common sense approach to improving NPDES, federal rule changes are under consideration to streamline permitting, reporting, and monitoring requirements, thereby providing considerable flexibility to the TNRCC and the regulated community. Revision of the TNRCC's related compliance and enforcement activities will also be undertaken in conjunction with this federal initiative.

Non-Point Source Guidance: EPA is considering nonpoint source discharge guidance which may allow voluntary program participants to submit fewer reports. The TNRCC would also be given longer periods for state plan development and implementation. The formula that EPA uses to determine grant funding to the states for the nonpoint source program is also being reconsidered as part of this initiative.

Safe Drinking Water Act: If the Safe Drinking Water Act is reauthorized in 1996 as expected, the TNRCC may be allowed to streamline water supply testing, monitoring, and reporting requirements, as well as add provisions for cost/benefit analysis and risk assessment in developing drinking water standards. Federal grant money may also be made available to the states for any new programs.

Surface Water Quality Standards: EPA recently rejected TNRCC rule revisions changing the presumed water quality standard for unclassified perennial streams in East Texas. The TNRCC rules allowed an intermediate use to be assigned to a perennial stream (as opposed to high), when appropriate, without undergoing EPA approval and revision of TNRCC's standards rule. This denial requires the TNRCC to amend the affected standard in accordance with the EPA decision within 90 days or the EPA may promulgate the new standard.

Total Maximum Daily Loads (TMDLs): A number of lawsuits have been filed against several states regarding TMDLs for priority watersheds. Although Texas has not been named, TNRCC may have to accelerate the pace of its TMDLs and establish different effluent criteria (depending on the eventual outcome of this issue).

Coastal Zone Management Act (CZMA): Section 6217 of CZMA requires states with approved programs to develop and implement a coastal nonpoint source pollution prevention program. If Texas receives federal approval as expected in September 1996, Texas must develop and implement its plan within 30 months of approval.

Waste Initiatives

Comprehensive Environmental Response, Compensation, and Liability Act (Superfund): Legislative reauthorization of this act is doubtful in 1996. The current version of this pending legislation would impact the National Priorities List, remedial actions, challenges to past remedies, and payment of cleanup costs, requiring revisions to affected

TNRCC rules. The Texas regulated community may find such changes to be more cost-conscious.

Defense Base Cleanup: The TNRCC administers the U.S. Department of Defense/State Memorandum of Understanding Program, in which federal funds are provided to states in exchange for providing technical assistance in cleaning up contaminated sites on military bases. Texas has 32 active sites and 12 formerly used sites affected by this program. The program experienced a 50 percent reduction in federal funding in Fiscal Year 1996. However, the TNRCC is working with the Department of Defense and Congress to redirect funding from other Department of Defense environmental programs to this cleanup effort. A reprogramming request has been prepared by the Department of Defense and should be submitted to Congress at any moment. (The estimated return on federal dollars expended for this program is 29 to 1.)

Ground Water Monitoring Exemptions for Small Landfills: Congress passed legislation this spring allowing the exemption of certain small municipal landfills in arid regions from ground water monitoring requirements. This change in federal law allows the TNRCC to continue providing the state exemption to the approximately 70 affected landfills in Texas.

Hazardous Waste Combustion Strategy/Maximum Available Control Technology: EPA is considering further restrictions on hazardous waste combustion, potentially making on-site burning expensive and closing some on-site incinerators. If such action is taken, the TNRCC may have to revise agency rules to implement these federal restrictions.

Hazardous Waste Identification (HWI): EPA has proposed new HWI rules which would apply to the condition of wastes at the point of generation and to contaminated media, possibly resulting in a significant increase in demands on facilities, as well as changes in the way that Texas generators manage their waste. The HWI rule would also provide relief to hazardous waste generators by setting exit levels from the hazardous waste system. (An exit level is the point at which a waste may no longer fall under the RCRA definition.) However, the assumptions used to develop the exit levels are conservative and the analytical costs associated with testing wastes for exit may be high, especially for small businesses. Additional analyses are likely to be required upon finalization of the rules to determine the total impact on waste management capacity in the state.

Low-Level Radioactive Waste Disposal Compact: TNRCC is reviewing a license which would authorize the construction of a low-level radioactive waste disposal facility in Sierra Blanca, Texas. Once the facility becomes operational, the agency will serve in a compliance monitoring role. Texas has agreed to serve as the host state and has entered into a compact with the states of Maine and Vermont for the disposal of waste generated in their states. Although the three participating states have approved the agreement individually, the compact is waiting for Congressional approval. The pending compact would allow the state to limit the disposal of wastes from the other states.

New Source Performance Standards (NSPS): Although primarily a federal air rule, the new NSPS for landfills is expected to affect the TNRCC's municipal solid waste permitting by requiring additional multimedia review of permits. Additional regulatory outreach to assist the affected members of the regulated community will also be necessary.

Petroleum Storage Tank (PST): The EPA has delegated this program to the TNRCC and the rules were codified and published in the *Federal Register* on March 18, 1996. The TNRCC will monitor compliance with the 1998 federal PST deadlines affecting spill overfill and corrosion protection by adding additional items to the checklist used by TNRCC inspectors. Costs to the regulated community for upgrading

"The TNRCC will be able to make the state regulations more user-friendly, reduce environmental and public health risks, and encourage safe waste recycling."

equipment will vary according to which technology options they select. Future federal PST initiatives may include the elimination of the Leaking Underground Storage Tank (LUST) Trust Fund, a grant program for LUST cleanups. However, it is still too early to predict federal action or its impact on the agency.

Resource Conservation Recovery Act (RCRA): Chances of a RCRA reauthorization in the immediate future are unlikely, although reauthorization has been due since the late 1980s. Other targeted waste bills, however, may succeed in passing this session. For example, some of these more targeted bills would exempt hazardous remediation waste from RCRA regulation, potentially resulting in significant cost reduction for Texas facilities that remediate contaminated sites.

Solid Waste Definition: An anticipated change in EPA's definition of solid waste may address the disincentives to resource recycling and recovery created by the current definition. (For example, the changes would allow for alternatives in individual permits for recyclers.) In turn, the TNRCC will be able to make the state regulations more user-friendly, reduce environmental and public health risks, and encourage safe waste recycling.

Solid Waste Management Units (SWMUS): EPA rulemaking requiring the development of a corrective action program for addressing releases from SWMUS at permitted hazardous waste facilities is expected in the near future. To date, the TNRCC has successfully conducted a state program without the federal rules. Adoption of the EPA rules would create a need for the state to reconcile its rules with the federal rules to prevent the regulated community from having to comply with two conflicting sets of requirements.

Toxic Release Inventory (TRI): EPA recently expanded the TRI Program to include additional reporting for 300 new chemicals, new federal facility reporting requirements, and the expansion of the industries required to report to the program. The TNRCC estimates a significant reporting impact on the state's large industrial and manufacturing base, as well as on TNRCC resources that will be required to implement these changes.

Cross-Cutting Initiatives

Cost/Benefit Analysis: Federal legislation recently passed by the House and awaiting Senate action requires cost/benefit analysis of all proposed federal regulations. Proposed rules would undergo a more thorough examination before adoption, possibly resulting in fewer federal rule makings.

La Paz Agreement: The La Paz Agreement was signed in 1983 by the U.S. and Mexico to protect the environment of the U.S.-Mexico border, defined as 100 kilometers on either side of the border. At the invitation of EPA, the TNRCC is participating in six working groups established by La Paz on air, water, waste, a contingency plan, pollution prevention, and enforcement. These groups are being used to forge agreements such as the Transboundary Movement of Hazardous. Wastes and a binational air quality committee for the Paso del Norte region. La Paz also requires the U.S. to notify Mexico of hazardous waste sites within the border region, which has caused concern among the Mexican officials.

North American Commission on Environmental Cooperation (NACEC): NACEC is a trinational entity created by the North American Free Trade Agreement (see below). It provides a mechanism for resolving environmental disputes between Canada, Mexico, and the U.S. The TNRCC is assisting in the U.S.' development of procedures for measuring transboundary environmental impacts, as required under NACEC article 10.7.

North American Free Trade Agreement (NAFTA): NAFTA legislation impacts the

TNRCC and its customers in several ways, including an increase in the work load of the TNRCC's certification programs and the translation of various materials. To the extent that the agreement stimulates economic activity along the border, it may trigger increased demands for TNRCC permitting, enforcement, and monitoring activity in the region. NAFTA also may result in additional federal funding to help address environmental concerns along the border.

In addition to NAFTA, the TNRCC is affected by several other federal and international initiatives affecting border environmental issues, including activities under the La Paz Agreement between the U.S. and Mexico, as well as initiatives developed by the NACEC, established under NAFTA to oversee joint environmental activities by the NAFTA parties. Agreements reached through these mechanisms often result in increased activity for the TNRCC.

RESOLUTION

Concerning Public Participation at the TNRCC

DOCKET 96-0484-RES

A RESOLUTION concerning Public Participation at the TNRCC

WHEREAS, protecting human health and our state's resources are the fundamental missions of the Texas Natural Resource Conservation Commission;

WHEREAS, in accomplishing this mission it is imperative that the commission and the agency seek and consider a full range of views and opinions from members of the public;

WHEREAS, in recognition of this the Commission has adopted as one of its guiding principles the need to ensure meaningful public participation in the agency's decision making process;

WHEREAS, the Commission is committed to full participation by the public in its permitting and rule-making processes consistent with Texas law;

WHEREAS, the Commission believes that public input is essential to quality decision-making at the agency;

WHEREAS, the Commission recognizes that there are many avenues for participation in agency decision making, including but not limited to, the formal hearing process;

WHEREAS, the Legislature established the Public Interest Counsel specifically to represent the public interest and to be an advocate for the public in environmental matters;

WHEREAS, the agency has previously on its own initiative undertaken to create mechanisms and processes to aid the public in its participation in the decisions of the agency, such as through the Ombudsman's Office and the Environmental Equity Program;

WHEREAS, the Commission desires to emphasize its commitment to increased and improved public participation at the agency;

NOW THEREFORE, BE IT RESOLVED that:

The Commission shall strengthen its public assistance and outreach activities to provide greater responsiveness to the public and additional opportunities for public participation;

The Commission strongly renews its commitment to the need for and the workings of the Office of Public Interest Counsel and directs the Public Interest Counsel to focus its efforts on providing greater assistance to citizens who are challenging actions of the agency;

The Commission shall continue and expand the use of Alternative Dispute Resolution as a means of ensuring and enhancing public participation in the permitting process and bringing to resolution matters before the need for a contested case hearing;

The Commission directs staff to review the rules and policies regarding public notice of meetings and hearings to ensure that the public has knowledge of and can participate to the full extent allowed by law in all matters which affect them;

The Commission directs the Executive Director to review the agency's records management practices to assure that the public has access to all public records and documents to the full extent allowed by law;

The Commission directs the Executive Director to develop ways to ensure and enhance public involvement in the agency's administrative enforcement process and in civil proceedings involving enforcement actions of the agency;

The Commission directs the Executive Director to keep an information file for every formal complaint of a violation of the State's environmental laws and rules which is filed with or brought to the agency, and to ensure that parties are notified of the status of the complaint at least quarterly until final disposition, unless notice would jeopardize an investigation; and

The Commission directs staff to provide timely responses to comments received from the public on agency rules, permits and policy matters.

Issued: April 22, 1996.

TEXAS NATURAL RESOURCE
CONSERVATION COMMISSION

Barry R. McBee, Chairman

ATTEST:

Gloria A. Vasquez, Chief Clerk

GOALS AND STRATEGIES FISCAL YEARS 1997-2001

Goal 1 — Assessment, Permitting and Prevention

To protect public health and the environment by accurately assessing environmental conditions; by preventing or minimizing the level of contaminants released to the environment through regulation and permitting of facilities or activities with potential to contribute to pollution levels; by promoting voluntary efforts to prevent pollution; and by assuring the delivery of safe drinking water to Texas citizens at affordable rates.

OBJECTIVE 01 -

For each of the fiscal years 1997 through 2001, to review 100 percent of the air quality, water resource, and waste management permits received in a consistent and timely manner that promotes flexibility in achieving environmental goals and fosters compliance with environmental laws.

Outcome Measures:

01-01.01	Percent of air quality permit applications reviewed within established time frames
01-01.02	Percent of water resource permit applications reviewed within established time frames
01-01.03	Percent of waste management permit applications reviewed within established time frames

01-01-01 Air Quality Permitting: Perform complete and timely reviews of applications to release pollutants into the air.

Output Measures:

01-01-01.01	Number of air quality permit applications reviewed
01-01-01.02	Number of federal air quality operating permits reviewed

Explanatory Measures:

01-01-01.01	Number of air quality permits issued

01-01-02 Water Resource Permitting: Perform complete and timely reviews of applications to utilize the state's water resources or to discharge to the state's waterways.

Output Measures:

01-01-02.01	Number of applications to address water quality impacts reviewed

01-01-02.02 Number of applications to address water rights impacts reviewed
01-01-02.03 Number of concentrated animal feeding operation (CAFO) permits reviewed

Explanatory Measures:

01-01-01.01 Number of water quality permits issued
01-01-01.02 Number of water rights permits issued

01-01-03 Waste Management and Permitting: Perform complete and timely reviews of applications relating to management and disposal of municipal and industrial solid and hazardous waste.

Output Measures:

01-01-03.01 Number of new system waste evaluations conducted
01-01-03.02 Number of corrective actions approved for sites contaminated by solid waste
01-01-03.03 Number nonhazardous waste permit applications reviewed
01-01-03.04 Number of hazardous waste permit applications reviewed

Explanatory Measures:

01-01-03.01 Number of nonhazardous waste permits issued
01-01-03.02 Number of hazardous waste permits issued
01-01-03.03 Number of solid waste cleanups
01-01-03.04 Number of municipal solid waste sites remediated by responsible parties
01-01-03.05 Number of industrial solid waste cleanups

OBJECTIVE 02 -

For the fiscal years 1997 through 2001, to protect public health and the environment consistent with sustainable economic development by continually assessing and measuring the environmental quality and quantity of our natural resources and developing appropriate policies and regulations and to review and reform existing agency rules to eliminate redundancy and assure consistency across media.

Outcome Measures:

01-02.01 Annual percent of stationary and mobile source pollution reductions in nonattainment areas
01-02.02 Percent of time that measured Texas air quality is in compliance with federal standards
01-02.03 Percent reduction in pollution from point source discharges per capita from the 1994 level
01-02.04 Percent reduction in discharge volume per capita from point source discharges from the 1994 level
01-02.05 Percent of Texas surface water meeting or exceeding water quality standards
01-02.06 Percent reduction in disposal of municipal solid waste per capita from the 1992 level

01-02-01 Air Quality Assessment and Planning: Reduce and prevent air pollution by monitoring and assessing air quality, developing and/or revising plans to address identified air quality problems, and assist in the implementation of approaches to reducing motor vehicle emissions.

Output Measures:

- 01-02-01.01 Number of point source air quality assessments
- 01-02-01.02 Number of area source air quality assessments
- 01-02-01.03 Number of mobile source air quality assessments
- 01-02-01.04 Number of air monitors operated
- 01-02-01.05 Number of mobile emissions testing analysis runs
- 01-02-01.06 Number of rules, guidance documents, policy statements and plans adopted, amended, or eliminated by the commission in response to regulatory reform initiatives
- 01-02-01.07 Number of rules, guidance documents, policy statements and plans adopted, amended, or eliminated by the commission in response to state statutes and federal regulations

Efficiency Measures:

- 01-02-01.01 Average cost per monitoring station/site operated
- 01-02-01.02 Average cost per air quality assessment

Explanatory Measures:

- 01-02-01.01 Number of days ozone exceedances are recorded in Texas nonattainment areas
- 01-02-01.02 Percent of Texans living where the air meets federal Air Quality Standards
- 01-02-01.03 Percent of vehicles passing Texas Motorist's Choice emissions test

01-02-02 Water Resource Assessment and Planning: Develop plans to ensure an adequate, affordable supply of clean water by monitoring and assessing water quality and availability.

Output Measures:

- 01-02-02.01 Number of surface water assessments
- 01-02-02.02 Number of ground water assessments
- 01-02-02.03 Number of dam safety assessments
- 01-02-02.04 Number of rules, guidance documents, policy statements and plans adopted, amended, or eliminated by the commission in response to regulatory reform initiatives
- 01-02-02.05 Number of rules, guidance documents, policy statements and plans adopted, amended, or eliminated by the commission in response to state statutes and federal regulations

Efficiency Measures:

- 01-02-02.01 Average cost per surface water assessment

01-02-02.02 Average cost per groundwater assessment
01-02-02.03 Average cost per dam safety assessment

Explanatory Measures:

01-02-02.01 Percent decrease in per capita water use from the 1990 level
01-02-02.02 Percent of Texas' rivers, streams, wetlands and bays protected by site-specific water quality standards
01-02-02.03 Number of regional action plans implemented

01-02-03 Waste Management Assessment and Planning: Ensure the proper and safe disposal of pollutants by monitoring the generation, treatment and storage of waste and assessing the capacity of waste disposal facilities; and by providing financial and technical assistance to municipal solid waste planning regions for the development and implementation of solid waste reduction plans.

Output Measures:

01-02-03-01 Number of municipal solid waste facility capacity assessments
01-02-03.02 Number of regional solid waste management plan implementation grants awarded
01-02-03.03 Number of surveys conducted for hazardous waste and industrial nonhazardous waste
01-02-03.04 Number of rules, guidance documents, policy statements and plans adopted, amended, or eliminated by the commission in response to regulatory reform initiatives
01-02-03.05 Number of rules, guidance documents, policy statements and plans adopted, amended, or eliminated by the commission in response to state statutes and federal regulations

Efficiency Measures:

01-02-03.01 Average cost per waste management assessment

Explanatory Measures:

01-02-03.01 Total number of years of municipal solid waste disposal capacity available statewide
01-02-03.02 Number of municipal solid waste incinerators
01-02-03.03 Number of solid waste management grants awarded by the Councils of Government

OBJECTIVE 03 -

Promote voluntary pollution prevention and recycling to achieve by the year 2000, a reduction of 35 percent in the release of contaminants and pollutants and a decrease of 50 percent in the amount of solid waste going to landfills, measured from the 1992 levels.

01-03.01 Percent decrease in the toxic releases in Texas from the 1992 level

01-03.02 Percent decrease in the toxic releases in Texas from the 1992 level per capita

01-03.03 Percent decrease in the amount of municipal solid waste going into Texas landfills from the 1992 level

01-03.04 Tons of waste reduced and minimized as identified by site assistance visits and Permanent Pollution Prevention Program training

01-03.05 Percent decrease in the number of waste tire Priority Enforcement List (PEL) sites from the 1992 level

01-03.06 Percent of used tires forwarded for end-use

01-03-01 Pollution Prevention and Recycling: Promote voluntary pollution prevention and recycling through a combination of technical assistance and public education, and by organizing and promoting voluntary prevention initiatives.

Output Measures:

01-03-01.01 Number of on-site technical assistance visits

01-03-01.02 Number of presentations and workshops on pollution prevention and waste minimization conducted

01-03-01.03 Number of governmental entities, industries, businesses, and institutions participating in voluntary waste reduction programs

Efficiency Measures:

01-03-01.01 Average cost per on-site technical assistance visit

Explanatory Measures:

01-03-01.01 Number of source reduction and recycling projects implemented

01-03-01.02 Tons of waste collected by local and regional collection and cleanup events coordinated/assisted by TNRCC

01-03-01.03 Tons of agricultural waste chemicals collected by TNRCC-sponsored entities

01-03-02 Automotive Waste Management and Recycling: Promote the proper disposal and recycling of waste tires and used oil through regulatory oversight, technical assistance, and the use of recognized recycling mechanisms.

Output Measures:

01-03-02.01 Number of waste tire audits completed

01-03-02.02 Number of tires diverted from landfills and processed (*in millions*)

01-03-02.03 Number of quarts of used oil diverted from landfills and processed

Efficiency Measures:

01-03-02.01 Average cost per waste tire audit

Explanatory Measures:

01-03-02.01 Number of registered waste tire processors

01-03-02.02 Number of sites listed on the waste tire Priority Enforcement List (PEL)

01-03-02.03 Number of tires remaining in the waste tire Priority Enforcement List (PEL) sites

OBJECTIVE 04 -

To increase to 95 percent the number of Texans served by public drinking water systems, with drinking water that meets drinking water standards.

01-04.01 Percent of Texas population served by public water systems which meet primary drinking water standards

01-04.02 Percent of Texas population served by public water systems, using vulnerable sources, protected by a source water protection program

01-04.03 Percent of Texas population served by public water systems protected by a program which prevents connection between potable and non-potable water sources

01-04-01 Safe Drinking Water: Ensure the delivery of safe drinking water to all citizens through monitoring and oversight of drinking water sources consistent with the requirements of the Safe Drinking Water Act.

Output Measures:

01-04-01.01 Number of public drinking water systems which meet primary drinking water standards

01-04-01.02 Number of drinking water samples collected

01-04-02 Water Utilities Oversight: Provide regulatory oversight of water and sewer utilities to ensure that charges to customers are necessary and cost-based and to promote and ensure adequate customer services.

Output Measures:

01-04-02.01 Number of utility rate reviews performed

01-04-02.02 Number of district applications processed

01-04-02.03 Number of certificates of convenience and necessity applications processed

Efficiency Measures:

01-04-02.01 Average time (days) to review district applications

Goal 2 — Enforcement And Compliance Assistance

To protect public health and the environment by administering enforcement programs that promote voluntary compliance with environmental laws and regulations while providing strict, sure, and just enforcement when environmental laws are violated.

OBJECTIVE 01 -

By fiscal year 2001, to bring 90 percent of all regulated facilities into compliance with state environmental laws and regulations and to respond appropriately to citizen inquiries and complaints.

Outcome Measures:

02-01.01	Percent of inspected air facilities in compliance
02-01.02	Percent of inspected water facilities in compliance
02-01.03	Percent of inspected waste facilities in compliance
02-01.04	Percent of petroleum storage tanks in compliance with Environmental Protection Agency (EPA) standards
02-01.05	Percent of identified noncompliant facilities for which appropriate action is taken
02-01.06	Percent of licensees with no recent complaints
02-01.07	Percent of complaints against licensees resulting in disciplinary actions

02-01-01 Field Inspections and Complaint Response: Promote compliance with environmental laws and regulations by conducting field inspections and responding to citizen complaints.

Output Measures:

02-01-01.01	Number of regulated air facilities inspected
02-01-01.02	Number of water rights site inspections
02-01-01.03	Number of regulated water facilities inspected
02-01-01.04	Number of annual and follow-up compliance inspections of livestock and poultry operations
02-01-01.05	Number of municipal waste facilities inspected
02-01-01.06	Number of industrial and hazardous waste facilities inspected
02-01-01.07	Number of petroleum storage tank inspections
02-01-01.08	Number of citizen complaints investigated
02-01-01.09	Number spill cleanup inspections

Efficiency Measures:

02-01-01.01	Average inspection cost of livestock and poultry operations
2-01-01.02	Average time (days) from date of inspection of regulated air facilities to date of report
02-01-01.03	Average time (days) from date of inspection of regulated water facilities to date of report

02-01-01.04 Average time (days) from date of inspection of regulated waste facilities to date of report

Explanatory Measures:

02-01-01.01 Number of inspected air facilities in noncompliance
02-01-01.02 Number of inspected water facilities in noncompliance
02-01-01.03 Number of inspected municipal waste facilities in noncompliance
02-01-01.04 Number of inspected industrial and hazardous waste facilities in noncompliance
02-01-01.05 Percent of storage tank installations and/or upgrades inspected

02-01-02 Enforcement and Compliance Support: Maximize voluntary compliance with environmental laws and regulations by providing educational outreach and assistance to businesses and units of local governments; and assure compliance with environmental laws and regulations by taking swift, sure and just enforcement actions to address violation situations.

Output Measures:

02-01-02.01 Number of small businesses assisted by the Small Business Assistance Program (SBAP)
02-01-02.02 Percent of local government assistance requests responded to
02-01-02.03 Number of air program administrative enforcement orders issued
02-01-02.04 Number of water program administrative enforcement orders issued
02-01-02.05 Number of waste program administrative enforcement orders issued

Efficiency Measures:

02-01-02.01 Average number of days to respond to small business requests for assistance
02-01-02.02 Average number of days to file notices of formal violations
02-01-02.03 Percent of administrative penalties collected

Explanatory Measures:

02-01-02.01 Amount of administrative penalties required to be paid in final administrative orders issued
02-01-02.02 Amount required to be paid for supplemental environmental projects issued in administrative orders

02-01-03 Occupational Licensing: Establish and maintain professional certification programs to ensure compliance with statutes and regulations aimed at protecting environmental resources.

Output Measures:

02-01-03.01 Number of applications for certification
02-01-03.02 Number of examinations administered
02-01-03.03 Number of new licenses issued

02-01-03.04 Number of licenses renewed
02-01-03.05 Number of complaints resolved

Efficiency Measures:

02-01-03.01 Average cost per complaint resolved

Explanatory Measures:

02-01-03.01 Number of TNRCC-certified environmental professionals
02-01-03.02 Jurisdictional complaints received

Goal 3 — Pollution Cleanup

To protect public health and the environment by identifying, assessing, and prioritizing contaminated sites, and by assuring timely and cost-effective cleanup based on good science and current risk factors.

OBJECTIVE 01 -

By fiscal year 2001, to identify, assess and clean up 90 percent of the known sites contaminated by hazardous materials and petroleum from leaking storage tanks.

Outcome Measures:

03-01.01 Percent of leaking petroleum storage tank sites cleaned up
03-01.02 Percent of superfund sites cleaned up
03-01.03 Percent of vo.untary and brown field cleanup properties made available for commercial/industrial redevelopment, community, or other economic reuse.

03-01-01 Storage Tank Administration: Regulate the installation and operation of underground storage tanks and administer a program to identify and remediate sites contaminated by leaking storage tanks.

Output Measures:

03-01-01.01 Number of petroleum storage tanks registered

Efficiency Measures:

03-01-01.01 Average cost per petroleum storage tank registered

03-01-02 Storage Tank Cleanup: Provide prompt and appropriate reimbursement to contractors and owners for the cost of remediating sites contaminated by leaking storage tanks.

Output Measures:

03-01-02.01 Number of emergency response actions at petroleum storage tank sites
03-01-02.02 Number of Petroleum Storage Tank Reimbursement applications processed
03-01-02.03 Number of petroleum storage tank cleanups completed

Efficiency Measures:

03-01-02.01 Average time (days) to review and respond to remedial action plans
03-01-02.02 Average time (days) to review and respond to risk-based site assessments
03-01-02.03 Average time (days) to process Petroleum Storage Tank Remediation Fund reimbursement claims

Explanatory Measures:

03-01-02.01 Average cost per petroleum storage tank cleanup

03-01-03 Hazardous Materials Cleanup: Aggressively pursue the investigation, design and cleanup of federal and state superfund sites; and facilitate voluntary cleanup activities at other sites and respond immediately to spills which threaten human health and environment.

Output Measures:

03-01-03.01 Number of emergency response cleanups completed
03-01-03.02 Number of superfund remedial actions in progress
03-01-03.03 Number of superfund remedial actions completed
03-01-03.04 Number of voluntary and brown field cleanups completed

Efficiency Measures:

03-01-03.01 Average response time in days for emergency cleanup

Explanatory Measures:

03-01-03.01 Percent of potential superfund sites to be assessed
03-01-03.02 Number of federal superfund sites
03-01-03.03 Number of state superfund sites

OUTCOME PROJECTIONS

Fiscal Years 1997-2001

OUTCOME	1997	1998	1999	2000	2001
Percent of air quality permit applications reviewed within established time frames	100%	100%	100%	100%	100%
Percent of water resource permit applications reviewed within established time frames	100%	100%	100%	100%	100%
Percent of waste management permit applications reviewed within established time frames	100%	100%	100%	100%	100%
Annual percent of stationary and mobile source pollution reductions in non-attainment areas	3%	3%	3%	3%	3%
Percent of time that measured Texas air quality is in compliance with federal standards	99%	99%	99%	99%	99%
Percent reduction in pollution from point source discharges per capita from the 1994 level	3.4%	3.4%	3.4%	3.4%	3.4%
Percent reduction in discharge volume per capita from point source discharges from the 1994 level	1.9%	1.9%	1.9%	1.9%	1.9%
Percent of Texas surface water meeting or exceeding water quality standards	84%	84%	84%	84%	84%
Percent reduction in disposal of municipal solid waste per capita from the 1992 level	25.9%	35.7%	45.4%	55.1%	55.1%
Percent decrease in the toxic releases in Texas from the 1992 level	16%	19%	22%	35%	35%
Percent decrease in the toxic releases in Texas from the 1992 level per capita	21%	28%	29%	42%	42%
Percent decrease in the amount of municipal solid waste going into Texas landfills from the 1992 level	8.2%	15.2%	28.1%	50%	50%

OUTCOME	1997	1998	1999	2000	2001
Tons of waste reduced and minimized as identified by site assistance visits and Permanent Pollution Prevention Program training	3,000	3,000	3,000	3,000	3,000
Percent decrease in the number of waste tire Priority Enforcement List (PEL) sites from the 1992 level	5%	28%	50%	50%	50%
Percent of used tires forwarded for end-use	50%	75%	90%	100%	100%
Percent of Texas population served by public water systems which meet primary drinking water standards	87%	90%	92%	95%	95%
Percent of Texas population served by public water systems, using vulnerable sources, protected by a source water protection program	10%	25%	35%	50%	55%
Percent of Texas population served by public water systems protected by a program which prevents connection between potable and non-potable water sources	40%	60%	70%	80%	82%
Percent of inspected air facilities in compliance	94%	94%	94%	94%	94%
Percent of inspected water facilities in compliance	92%	92%	92%	92%	92%
Percent of inspected waste facilities in compliance	97%	97%	97%	97%	97%
Percent of petroleum storage tanks in compliance with Environmental Protection Agency (EPA) standards	90%	90%	90%	90%	90%
Percent of identified noncompliant facilities for which appropriate action is taken	86%	87%	87%	87%	87%
Percent of licensees with no recent complaints	90%	90%	90%	90%	90%
Percent of complaints against licensees resulting in disciplinary actions	60%	60%	60%	60%	60%
Percent of leaking petroleum storage tank sites cleaned up	55%	60%	65%	70%	75%
Percent of superfund sites cleaned up	4%	5%	6%	6%	6%
Percent of voluntary and brown field cleanup properties made available for commercial/industrial redevelopment, community, or other economic reuse	100%	100%	100%	100%	100%

APPENDIX 1
Agency Planning Process

Agency Planning Process

The TNRCC's planning process began in December 1995, and culminated June 14, 1996 with the Commission's adoption of this strategic plan. The initial focus in developing this plan was to reassess the agency's current strategic planning and budget structure. This reassessment led to the strategic planning and budget structure reflected in this plan, which embodies a major restructuring of the agency's planning and budgeting structure.

The existing goals and strategies utilized by the TNRCC are a combination of the goals and strategies of the TNRCC's predecessor agencies. These strategies were developed using different approaches. As a result, the agency's current strategies and goals are not internally consistent and are of only limited value as a management tool. The inconsistency was particularly problematic in terms of how field operations and enforcement functions were handled. An appropriations rider added in 1995, which directs the TNRCC to revamp its enforcement strategies, provided further impetus for revising the agency's strategies.

The goals and strategies reflected in this document reflect a functional approach to looking at the major activities the agency undertakes to fulfill its mission. Many of the objectives and outcome measures provide measurable indications of the agency's progress in protecting and improving environmental quality. In viewing these goals and strategies, it can be observed that the agency has classified its permitting strategies as components of its efforts to achieve pollution prevention goals.

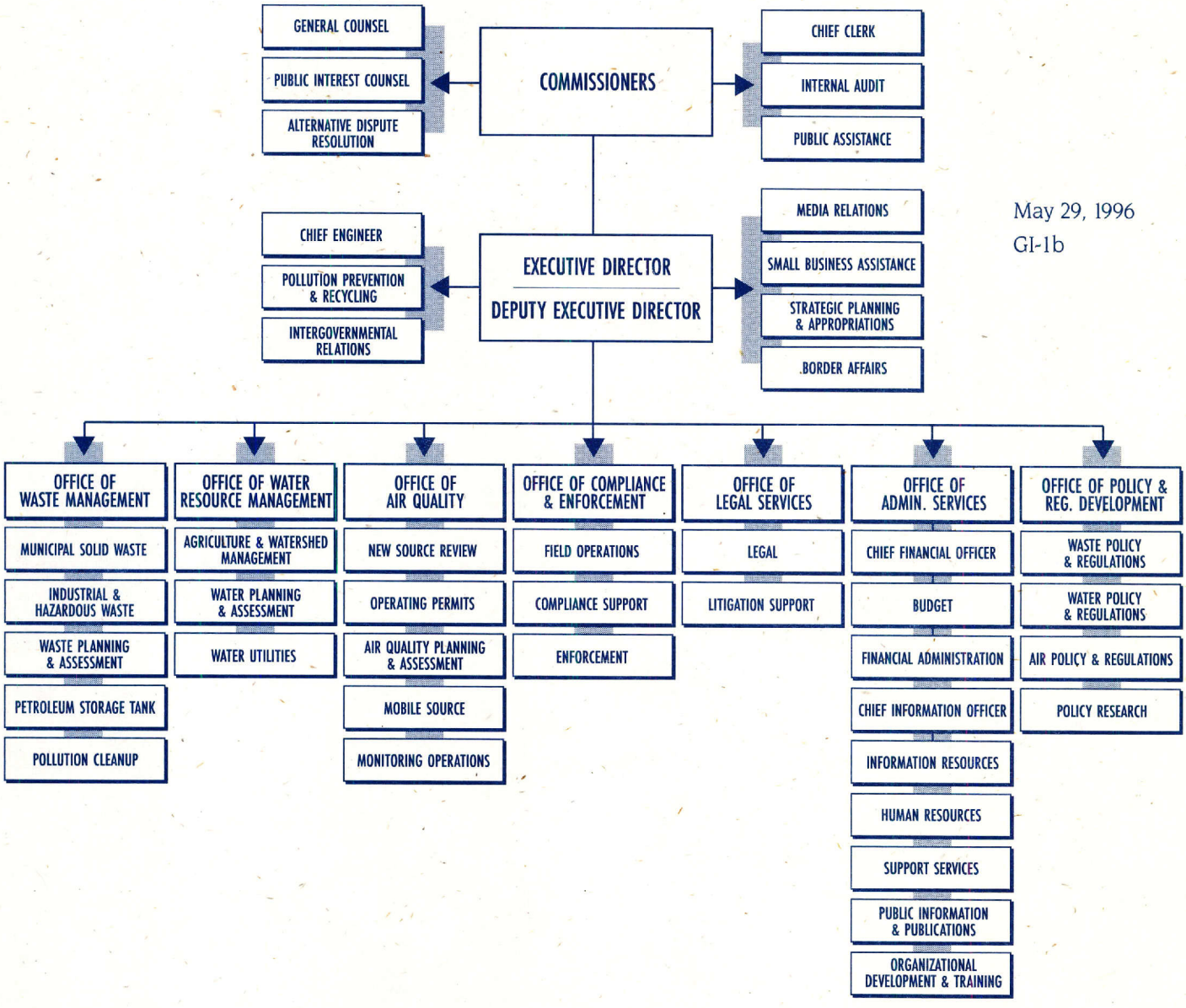
Along with revamping its goals, objectives, and strategies, the TNRCC also sought to reduce the number of nonessential outcome and output measures being reported and to reorient the remaining measures toward outcomes and outputs. As a result, this plan would significantly reduce and streamline the number of measures reported.

After the TNRCC developed a proposal for the revamped goals, objectives, strategies, and measures, agency staff reviewed the proposals with various outside stakeholders in state government, industry, and the environmental community. Following those discussions, the Commission approved the revamped functional approach to defining the agency's goals and strategies and the proposed planning and appropriation structure was submitted as required in March to conclude the first phase of the strategic planning process.

Beginning in early March, each division was asked to conduct an assessment of the internal and external factors that would affect the programs and strategies for which it was responsible during the planning period. More specifically, each division was asked to identify significant developments relating to economic and population growth, scientific and technological developments, and actual or potential changes in state or federal statutes and rules. This input was collected and summarized in a draft TNRCC strategic plan and distributed within the agency for further review and refinement, including feedback from the Commissioners and Executive Director. A polished draft was ready for outside review by May 10, 1996. This draft was made available for comment at one of the agency's monthly regulatory forums, which are usually attended by representatives of the business and environmental communities. Additionally, the draft plan was made available for review and comment on the agency's World Wide Web site for two weeks. Following some additional refinement, the completed plan was presented to the Commissioners for approval on June 12.

APPENDIX 2

Agency Organizational Chart



May 29, 1996
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