

CHAPTER 5. Policy/Program Initiatives

The Department of Environment and Natural Resources (DENR) is responsible for promoting and protecting the environment and natural resources in North Carolina. In order to do so, DENR supports many programs and has implemented policies to balance the impacts on our environment with the demands of a healthy economy. Some of these include the Clean Air Plan, Neuse River Buffer Rules, the Million Acres Initiative, Environmental Excellence, Sedimentation Control. In addition, the Department has taken numerous management actions to support the efficient and effective delivery of DENR programs and services. The following provides a description of each of the department's key policy initiatives and upcoming legislative issues.

A. ENVIRONMENTAL PROTECTION ISSUES

CLEAN AIR PLAN

Ground-level ozone pollution in a large portion of North Carolina exceeds the State and federal health-based eight-hour National Ambient Air Quality Standard and even exceeds the older, less stringent one-hour Standard in two areas. Federal law and regulations require that plans be implemented to bring polluted areas back into compliance with the Standards. Reducing ground-level ozone in North Carolina would protect public health, especially for children, the elderly and asthmatics; indirectly improve visibility; reduce environmental damage to plant life and ecosystems; and provide economic benefits through reduced health care costs, reduced agriculture and forestry yield losses, improved economic development opportunities in areas violating the Standards (nonattainment areas), and enhanced tourism.

The Clean Air Plan has three phases to reduce nitrogen oxides emissions, which is the most efficient way to reduce ozone pollutant concentrations. Phase I reductions are the reductions at coal-fired power plants to reduce acid rain. Phase II includes reductions from mobile sources as set by the 1999 and 2000 General Assemblies and further reductions at power plants by October 2000 rules of the Environmental Management Commission (EMC). Phase III involves the adoption by the EMC, and possibly by the General Assembly, of further emission reduction strategies that are determined to be necessary to attain the ambient air quality standards using sophisticated computer modeling. Phase III reductions could come from motor vehicles and revised ways of meeting transportation needs, from power plants, and from other boilers, industrial operations, animal operations and emitters.

Actions to implement the Plan have been complicated by actions at the federal level involving rules requiring emission reductions in about 20 states. Additional complications include actions by EPA in North Carolina and in other states against large stationary sources to respond to other states' complaints of pollutant transport, and on-going federal court cases on the eight-hour Standard.

Key Decisions for Next Governor/Secretary

The stakeholder process to draft rules for Phase III reductions will be on-going in the first half of 2001. There is likely to be controversy as to who should reduce emissions and by how much. The Governor/Secretary may wish to offer guidance on these processes.

The federal court cases will continue. The Governor/Secretary may wish to intervene on one side or the other.

The State has recommended areas to be designated by EPA as nonattainment for eight-hour ozone. EPA will respond to the State's recommendations. Negotiations on the areas are then likely in which the Governor/Secretary may wish to participate in view of the economic and psychological importance these designations have to local areas.

Upcoming Events/Important Dates

May 9, 2001 – Possible date for EMC to adopt permanent federally-mandated rules with emission reductions for power plants and other large stationary combustion sources.

September 12, 2001 – Date EMC directed staff to bring draft Phase III rules resulting from the stakeholder process to the Air Quality Committee to start formal rule making.

Infrastructure/Partnerships Developed to Implement Programs

There are three local air pollution control agencies in Buncombe, Forsyth, and Mecklenburg Counties, which carry out, under EMC oversight, basically the same air quality program in their counties that the Division carries out in the other 97 counties.

There are four local coalitions in Charlotte, Asheville, the Triangle, and the Triad (and in Hickory and Fayetteville in 2001), consisting of industry, business, State and local governments, and others. The Air Awareness Program educates employees and the public about air problems and assists in reducing local emissions during ozone episodes.

Key Legislative Issues

1. H.B. 1638 requires that the Environmental Review Commission recommend an increase in the motor vehicle inspection fees to the 2001 General Assembly. This will provide needed revenue to the inspection stations, the Division of Air Quality, and the Division of Motor Vehicles. One-time, up-front money is also needed to start the new program.
2. S.B. 953 requires use of low sulfur gasoline in the State by January 1, 2004. The bill included a provision, however, requiring the Governor to determine by July 1, 2000 whether federal rules on low sulfur gasoline required the same level of reduction as the State standard. If so, the federal rule would apply. Since the Governor did not make a finding that the federal rule, which has a compliance date of 2006, provided the same level of reduction, the State compliance date applies. The Environmental Review Commission and the General Assembly will likely review the issue in 2001.

3. **Electric Utility Restructuring:** The legislative Study Commission on the Future of Electric Service in North Carolina is in the midst of a multi-year effort to investigate whether and how to implement electric deregulation/restructuring in the State. It is possible that they will send recommendations to the 2001 General Assembly. There are several restructuring issues that are connected with air quality.

In a deregulated environment, the recovery by the utilities and other fuel-combustion electric generators of the cost of pollution controls becomes an interstate competitive issue because the cost can no longer be passed through to customers by regulation. In some states, e.g., Texas, the controls currently being required are being funded through the stranded cost recovery mechanism. It may be appropriate for the Department to take a position on this issue.

Many of the other issues in electric deregulation/restructuring are also connected with air quality. Reducing the electric load that is satisfied by operation of coal-fired and other fuel-combustion power plants reduces their air pollution. Examples include energy conservation, load management, promotion of active solar, passive solar, wind, and small hydropower generation, and possibly generation using biomass. Policies that increase the use of and demand for more environmentally friendly power production reduce air pollution. Examples of these policies include environmental disclosure (requiring the power providers to publish information on how they generate power), green power (allowing customers to choose a power provider that specializes in renewable resources or to pay special rates or premiums to support generation from or development of renewables), renewable portfolio standards (policy measures requiring a certain percentage of a utility's generation come from renewable power sources), a public benefit fund (a charge to all customers to support advancement of renewables technology and use, energy efficiency, and low-income assistance), and tax incentives for renewable technology use. Department backing of measures in restructuring legislation which promote these energy sources and policies would help with air pollution reduction.

4. **Incentives for Cleaner Fuels/Vehicles:** The North Carolina ozone pollution problem will require substantial emission reductions of nitrogen oxides from many sectors to meet ambient air quality standards. Obtaining some of the reductions through incentives for cleaner fuels/vehicles may be more cost-efficient than from some other sectors. These measures would also have other benefits beyond ozone reduction. Implementation of most of the cleaner fuels/vehicles measures would require or would benefit from public funding, loan programs, tax incentives, or establishment of State policy or legislation.

A series of reports was mandated by Sections 4.2 through 4.8 of S.B. 953 (1999) which concerned reducing ozone pollution by reducing emissions from State-owned cars and trucks, school buses, public transit buses, private fleet cars and trucks, State employee job-related travel, and private sector job-related travel, and by promoting State employee telework/telecommuting, respectively.

Serious consideration should be given to supporting, and drafting if necessary, a bill to implement and fund recommendations contained in these reports and possibly other similar recommendations.

Key Legislators/Legislative Committees

Environmental Review Commission – Sen. Fountain Odom and Rep. Pryor Gibson, III
Senate Committee on Agriculture, Environment and Natural Resources – Sen. Charlie Albertson

House Environment and Natural Resources Committee – Reps. Pryor Gibson, III, and Nurham Warwick

Key Constituent Groups

Many environmental and business groups and sometimes economic development groups

Key Contact People and Phone Numbers

Alan Klimek, Director of the Division of Air Quality, 733-6233

MOUNTAIN AIR QUALITY

Mountain air quality has become a growing concern in the last several years. The mountains of North Carolina have several features, which contribute to this concern. There is unprecedented population and economic growth with the consequent increase in air pollution emissions. Meteorology causes frequent episodes of air stagnation, allowing air pollutants to remain over the area several days at a time. Prevailing wind patterns transport pollutants from the urban areas and industries in other states to the southwest, west, and northwest; this effect is particularly marked at the highest elevations. The resulting decline in air quality, in addition to the health effects, threatens the mountains' diverse ecosystems and impairs their natural beauty, which in turn threatens the important tourism economies.

There are several actions, which have been taken, are being taken, or are planned, to improve the mountain air quality. In the 1990 Amendments to the federal Clean Air Act, Congress mandated substantial reductions in sulfur dioxide emissions from fossil fuel fired power plants by 1995 and by 2000. EPA was directed to tighten nitrogen oxides emissions regulations for these sources; these regulations will reduce emissions by 2001. Reductions in these pollutants will reduce acid rain and will improve the fine particulate pollution and visibility problems.

EPA in 1997 established a new fine particulate (PM_{2.5}) National Ambient Air Quality Standard. Fine particulates have both health and visibility effects. The State is required to meet this Standard and, if necessary, come up with plans to do so. The new air monitoring should result in an analysis of the severity of the situation by 2003, development of plans to alleviate the problems by 2004, adoption of necessary rules by 2005, rules taking effect by 2006, and completion of emission reductions by 2009.

Closely related to the fine particulate issue is the recent EPA requirement that states produce regional haze (visibility) State Implementation Plans (SIPs), with the goal of restoring pristine visual conditions by 2064 in Class I areas (national parks and wilderness areas). Congress

coordinated the timetable for submission of these SIPs to EPA for approval with those for fine particulates, but provided that states participating in regional planning organizations (discussed below) could wait until the latest state's date.

For details on ozone pollution, please refer to the Clean Air Plan Major Initiative.

Key Decisions for Next Governor/Secretary

The recommendations in the final report of the Southern Appalachian Mountains Initiative (SAMI) are due in the summer of 2002. The Governor/Secretary will have to decide whether and how to implement the recommendations in North Carolina. SAMI is a multi-year eight-state group effort, including federal and state agencies, academia, industries, environmental groups, and the public, who are interested in mountain air quality. SAMI is currently conducting a study on ozone, acid rain, and regional haze, and their effects on visibility, vegetation, and ecosystems. SAMI will recommend the most effective approaches for air quality problems in the Southern Appalachians, with particular attention to Class I areas.

Upcoming Events/Important Dates

May 2001 – Possible date for Governors' Summit on Mountain Air Quality, set for Tennessee. This is the third in a series of annual meetings, which brings together leaders from states sharing the Southern Appalachian Mountains to work on regional approaches.

Infrastructure/Partnerships Developed to Implement Programs

North Carolina, Tennessee, the National Park Service, and the U.S. Forest Service agreed to provide Federal Land Managers early notification of major permitting requests near Class I areas and to set procedures for permit review. The Memorandum of Agreement will remain in full effect after December 2000 if another state signs on.

A ten-state regional planning organization has been formed to pursue issues of common interest, including the implementation of EPA's Regional Haze Regulations. The Southeastern States Air Resource Managers (SESARM) association is heading up the effort and will obtain an EPA grant to contract the relevant work.

Key Legislators/Legislative Committees

Senate Select Committee on Mountain Air Quality – Sens. Charles Carter, Steve Metcalf, and Dan Robinson

Environmental Review Commission – Sen. Fountain Odom and Rep. Pryor Gibson, III

Senate Committee on Agriculture, Environment and Natural Resources – Sen. Charlie Albertson

House Environment and Natural Resources Committee – Reps. Pryor Gibson, III, and Nurham Warwick

Key Constituent Groups

Many environmental and business groups and sometimes economic development groups; federal land managers and other federal agency officials

Key Contact People and Phone Numbers

Alan Klimek, Director of the Division of Air Quality, 733-6233

CENTRAL COASTAL PLAIN CAPACITY USE AREA

Within a fifteen county region in the central coastal plain of North Carolina, the Black Creek and the Upper Cape Fear aquifers are being used beyond their capacity to recharge. The aquifers are being rapidly depleted, meaning that users of these water sources will need to seek sustainable water sources for future use. If sustainable water sources are not developed when needed, the economy of this region will be undermined.

The solution to the problem has two parts. Water use from the Black Creek and Upper Cape Fear aquifers must be gradually reduced until water withdrawals are in balance with recharge. After this, water can continue to be used from these aquifers at the recharge rate. The second part of the solution is to plan and develop new water sources that are sustainable. The region has available to it a number of sources, such as surface water, use of aquifers other than the two threatened ones, water reuse, and water conservation.

The North Carolina Environmental Management Commission has developed a proposed administrative rule to assure that water use from the threatened aquifers will be gradually reduced in a manner that is fair to all users. This rule will probably become effective in July 2002. An extensive planning effort is needed to identify the most suitable and economical new water sources for the local governments in the fifteen-county region.

Key Decisions for Next Governor/Secretary

The Secretary of the Department needs to provide leadership to assist local governments in planning for sustainable water sources and to make sure that all are making satisfactory progress. The Secretary of Commerce needs to help emphasize the economic importance of developing new water sources in a timely manner. The Governor and the General Assembly will be faced with requests for financial assistance from the local governments who need to make this transition in water use. A substantial investment in new water sources will be necessary.

Upcoming Events and Important Dates

The period from December 2000 to July 2002 will be an intensive period of water supply planning and preparation for the effective date of the administrative rule, which will require local governments to gradually reduce water use from the Black Creek and Upper Cape Fear aquifers over a sixteen-year period. The issues of how best to organize regional planning must be resolved.

Infrastructure and Partnerships Developed to Implement the Program

The Department of Environment and Natural Resources has been working closely with many stakeholders to plan the development of sustainable water sources and to plan the administrative rule that will assure gradual reduction in water use from the threatened aquifers. The stakeholders have included the League of Municipalities, the Association of County Commissioners, the Farm Bureau, the Manufacturers and Chemical Industry Council, the Homebuilders Association, the Rural Center, conservation groups, individual local governments,

and industrial and agricultural water users. The North Carolina Rural Center is willing to fund the planning effort.

Key Legislators/Legislative Committees

Both the Environmental Review Commission and the Appropriations Subcommittee on Natural and Economic Resources have undertaken oversight over the water supply problem and the administrative rule. Senators Bob Martin, Charlie Albertson, and John Kerr and Representatives Nurham Warwick, Edith Warren, Marian McLawhorn, Carolyn Russell, Joe Tolson, and Russell Tucker have been the most interested legislators.

Key Constituent Groups

Water users in the fifteen counties, including local governments, industry, and agriculture and organizations representing these interests.

Key Contact People

John Morris, Director, Division of Water Resources	715-5422
Nat Wilson, Ground Water Program Leader, Div. of Water Resources	715-5445

DETOXIFICATION OF THE PCB LANDFILL, WARREN COUNTY, NC

In the late 1970s, several thousand gallons of polychlorinated biphenyls (PCBs) were illegally disposed by the spraying of contaminated oil along approximately 210 miles of state roadways. Listed as a Superfund site under the US EPA program, contaminated soils along these roadways were dug up and then deposited in a Toxic Substances Control Act (TSCA) approved PCB landfill located in Warren County. (Ten percent of the material came from roadsides located on the Fort Bragg military reservation). Residents and civil rights leaders vehemently protested the location of the landfill in Warren County. These protests are considered the “watershed event” which brought the issue of environmental justice to the national level.

In 1982, Governor James B. Hunt Jr. made a commitment to the people of Warren County that if appropriate and feasible technology became available, the state would explore detoxification of the landfill. In 1995, \$1 million was appropriated to study detoxification technologies. The Warren County PCB Working Group (WG) was established and consisted of local citizens, state employees, and members of various environmental organizations. This group worked together in a joint partnership to explore detoxification.

Twelve different technologies were considered. Two technologies, Base Catalyzed Decomposition (BCD) and Gas Phase Chemical Reduction, were found to be appropriate and potentially feasible for the Warren County landfill. Following very rigorous testing using stringent guidelines and treatment goals for both PCBs and dioxin, it was determined that BCD was the best technology for detoxification.

Current Detoxification Activities:

- A Phase II Preliminary Draft Design Plan based on the BCD detoxification studies estimated the maximum cost for the entire project to be under \$24 million. In 1998, an additional \$2

million was appropriated to begin the detoxification process using BCD. In 1999, a chemical/environmental engineer was hired by the Division of Waste Management (DWM) to be the project manager and a contract for a Phase III Final Design was issued. Several meetings were held with EPA TSCA personnel in Atlanta (Region IV) and Washington, DC (Headquarters) to solicit input on the final design and to outline permitting requirements for the detoxification. The final design package was completed in March 2000. In addition to design drawings and technical specifications, the package included a Community Outreach and Involvement Plan to help ensure that residents and local businesses receive some financial benefit from the detoxification efforts and are kept informed of activities at the site.

- In 1999, an additional \$1 million was appropriated and \$7 million made available to match federal funds for the detoxification effort. However, approximately \$1.4 million of previously appropriated funds were reverted back to the state budget office for Hurricane Floyd relief
- In August 2000, the EPA offered several in-kind services to help in the detoxification of the landfill valued at approximately \$600,000. In September, the Office of State Budget, Planning and Management agreed that these services would qualify as federal match funds, thus releasing the \$7 million set aside for the project.

Key Decisions for Next Governor/Secretary

Since all funding is not available at this time, a phase-funded approach is being pursued. With the available funds, site preparation, equipment mobilization, performance testing, and the treatment of a limited amount of material could be completed. Additional funding will be requested from state and federal sources to continue the project to completion while these efforts are underway. It is estimated that an additional \$7 million will be needed and should be included in the next budget as the funds would be needed in early 2002.

Upcoming Events/Important Dates

The Division of Waste Management has pre-qualified three firms for the detoxification. It is anticipated that the bid opening for the project will be in late November or early December with the signing of a contract in February 2001. Construction and detoxification should begin in the summer of 2001.

Key Legislators/Legislative Committees

Congresswoman Eva Clayton, Senator Frank Balance, Ms. Carol Browner, Administrator of the EPA, and the Department of Defense. State Representatives Fox and Crawford have also participated in this project. The only committee that has looked at this project is the NER Committee. Senator Frank Mitchell had requested a company make an alternate proposal to the committee for removal and disposal of the landfill waste in lieu of detoxification. The proposal was not acted on.

Key Constituent Groups

The Warren County WG, having completed its task of assessment of the landfill and finding a detoxification technology, was re-constituted into the Citizens Advisory Board (CAB) in 1999 as an advisory group appointed by the DENR secretary. The CAB was charged to pursue detoxification, work with the state and contractors, and provide the link to local citizens. Chair: Ms. Dollie Burwell

EPA Region 4 is supplying \$225,000 to the Warren Family Institute from its Environmental Justice fund. This money will be used to fund a community involvement coordinator and support job training opportunities for the local citizens.

Key Contact People and Phone Numbers

For further information about the PCB landfill, please contact Mike Kelly at 919-715-3644, or Pat Backus at 919-733-4996, X308.

WATER PROGRAM AUDIT

In August of 2000, the State Auditor announced that he would be initiating an audit of water quality and quantity programs as they relate to health issues. The audit will be completed by April of 2002 and will involve both the Auditor's staff and private consultants. The organizational scope of the audit is broad because numerous divisions in the Department of Environment and Natural Resources and the Department of Health and Human Services deal with issues related to water quality and quantity. The audit will also be highly complex, covering the following areas: 1) Designated water uses – including public-health related uses as well as industrial, agricultural and other uses; 2) surface water protection programs; 3) ground water protection programs – including water resources, waste management and drinking water; 4) public water supply program; 5) on-site wastewater (septic tanks); 6) shellfish sanitation; 7) recreational water quality monitoring and development of standards; and 8) other health-related issues that impact either water quality or water quantity. Key issues will include whether the various programs have adequate resources to carry out their legislative mandates and how the various divisions and commissions work together.

Key Decisions for Next Governor/Secretary

The next Governor will need to make a final determination as to whether the Division of Environmental Health is split between DENR and the Department of Health and Human Services (DHHS) or whether it remains intact in one department. In a 1997 departmental reorganization, the State health programs, including the office of the State Health Director, were moved from the Department of Environment, Health and Natural Resources (which then became the Department of Environment and Natural Resources – DENR) to the Department of Health and Human Services. At that time, no final decision was made about the appropriate location of the Division of Environmental Health (DEH).

Since the reorganization, DEH has remained in DENR and has worked with the State Health Director in DHHS. There are many key environmental programs in DEH including public water supply, drinking water loans and grants, shellfish sanitation, and on-site wastewater permitting. The Environmental Protection Agency has delegated certain authority to those programs that could be at risk if the programs were transferred to DHHS.

The question of DEH's final organizational home has been the focus of some controversy and is likely to be an issue in the audit. Local health directors, who work directly with the State Health Director and the Commission for Health Services in DHHS, support moving the Division to DHHS. Environmental groups and the On-Site Wastewater Treatment Operators prefer that the

division remain in DENR. The next Governor will need to determine how to best organize the division.

Upcoming Events/Important Dates

The State Auditor will hire a contractor to work with staff by the end of December. Interim recommendations from the audit may result in additional resources.

Infrastructure/Partnerships Developed to Implement Programs

DENR and DHHS are working cooperatively with the Auditor. In addition, many of the universities and environmental health professionals have been contacted.

Key Legislators/Legislative Committees

The Environmental Management Commission has regulatory authority over numerous water quality, quantity and air issues. The Commission for Health Services has regulatory authority with respect to the drinking water programs, solid waste, hazardous waste and superfund programs.

Key Constituent Groups

NC League of Municipalities, NC County Commissioners, Local Health Departments, Environmental groups

Key Contact People and Phone Numbers

Sherrri Evans-Stanton, Deputy Director for Policy and Programs - 715-4103
Tommy Stevens, Director of the Division of Water Quality - 733-7015 Ext. 203
Linda Sewall, Director of the Division of Environmental Health - 733-2352
Dr. Dennis McBride, State Health Director - 733-4392

NEUSE RIVER NUTRIENT SENSITIVE WATERS (NSW) MANAGEMENT STRATEGY

In December 1997, the N.C. Environmental Management Commission adopted what Chairman David Moreau called "a landmark piece of basinwide water quality planning" - the Neuse River Basin Nutrient Sensitive Waters (NSW) Management Strategy. The rules to implement the strategy, other than the Neuse riparian buffer protection rules, became effective in August 1998. The riparian buffer protection rules became effective in August 2000. For the first time in the state history, mandatory controls are applied not only on point source pollution but also on nonpoint source pollution in the Neuse River basin. The strategy is aimed at reducing the average annual load of nitrogen delivered to the Neuse River estuary from point and nonpoint sources by a minimum of 30 percent by the year 2004 from the average annual load calculated for the period from 1991 through 1995.

What the Neuse NSW rules require:

Point sources: The rules set nitrogen limits for individual dischargers, but also allow dischargers the option of joining a coalition of dischargers. Within the coalition, dischargers have the benefit

of a trading program in that provides greater flexibility and the ability to be more cost-effective in implementation of point source controls throughout the basin.

Urban Stormwater: The affected local governments are required to develop and implement a local stormwater management program to address nitrogen.

Protection and Maintenance of Existing Riparian Areas: Riparian (streamside) areas must be protected and maintained as vegetated buffers on both sides of streams, rivers, lakes and estuaries for a distance of 50 feet. This buffer requirement has been the focus of much of the attention on the Neuse NWQ rules.

Agriculture: The agricultural rule provides each farmer with the options to become part of a collective local strategy for implementing best management practices on their land, or implementing standard best management practices as specified in a rule.

Nutrient Management: This rule affects landowners, leasees, and commercial applicators who apply nutrients to 50 acres or more of residential, agricultural, commercial, recreational or industrial land. Each person has the option of successfully completing nutrient management training or of developing nutrient management plans for the lands where they apply fertilizer.

Implementation of the Neuse NSW Management Strategy

Since 1998, staff from DWQ has spent a large amount of time working on public education and outreach regarding the strategy and working with other state and federal agencies on implementation issues. Some of the implementation activities include:

1. Wastewater Treatment Requirement (15A NCAC 2B .0234): A discharge coalition was established.
2. Stormwater Requirement (15A NCAC 2B .0235): DWQ developed a model stormwater plan in cooperation with 15 affected local governments. Thirteen of the 15 affected local governments submitted their local stormwater plan in October 2000. Local stormwater plans for Town of Cary and Orange County were approved by EMC in October 2000.
3. Protecting existing riparian areas with forest vegetation (15A NCAC 2B .0233): The Neuse Buffer Protection rule along with the mitigation rule and the local delegation rule became effective on August 1, 2000. Three positions were funded, one in the central office, two in the regional offices, to implement and enforce the buffer rules.
4. Agriculture and Nutrient Management Requirements (15A NCAC 2B .0236, .0238 and .0239): A Basin Oversight Committee (BOC) and 17 Local Advisory Committees (LACs) were established to implement the Neuse agricultural rule and to assist farmers to comply with the rule. Over 75% of the cropland in the Neuse basin was successfully enrolled into the management program between 1998 and 1999 with assistance from DSWC, and an accountability process was developed and approved by EMC in 1999. A sign-up process for nutrient management training was initiated and the division continued

to work with CES and NCSU on development of nutrient management training criteria and training materials.

Key Decisions for Next Governor/Secretary

Neuse TMDL (Total Maximum Daily Load) - Under the Federal Clean Water Act, the State is required to develop a TMDL for nitrogen in the Neuse River basin. It is possible that the Secretary will need to make a decision on whether to go with more stringent nitrogen reductions in response to federal and public input.

Resource Needs - A tremendous amount of local and Departmental resources are needed to fully implement the Neuse NSW Management Strategy. The Secretary can expect a request for more funding to allow for sufficient staff to implement to rules.

Upcoming Events/Important Dates

February, 2001	BOC submits the Local Nitrogen Reduction Strategy for agriculture to EMC for approval
March, 2001	15 subjected local governments begin to adopt and implement their local stormwater programs based their approved plans.
March, 2001	DWQ and CES start the nutrient management training.
May, 2001	BOC submits the first annual agricultural N reduction progress report to EMC.
July, 2001	The State will submit the 2nd phase of the Neuse TMDL to EPA for approval/denial.
August, 2001	EPA Region IV approves/denies the 2nd phase of the TMDL.

Infrastructure/Partnerships Developed to Implement Programs The Division of Water Quality has worked closely with the Division of Soil and Water Conservation on agricultural issues, the Division of Land Resources on construction issues and the Division of Forest Resources on forestry issues as they relate to the Neuse Strategy. Nonpoint Source (NPS) Teams have been established for the Upper, Middle and Lower Neuse River, comprised of members from federal, local and state agencies, local governments, industries, and citizens' groups that have interests and responsibilities pertaining to NPS pollution. The Basin Oversight Committee includes representatives from DWQ, DSWC, USDA-NRCS, NCDA, CES, agricultural community, scientific community and environmental community. Representatives from DSWC, NCDA, local NRCS and CES, and local farmers make up the Local Advisory Committees.

Key Legislators/Legislative Committees

The Division regularly reports to the Environmental Review Commission on all environmental programs including the Neuse Initiative.

Key Constituent Groups

The Neuse River Foundation, Southern Environmental Law Group, & The North Carolina Farm Bureau

Key Contact People and Phone Numbers

Lin Xu, Division of Water Quality, Water Quality Section, 733-5083 extension 357

Alan Clark, DWQ, WQ Section, 733-5083 extension 570

FERC HYDROELECTRIC PROJECT RELICENSING

The Federal Power Act provides the Federal Energy Regulatory Commission (FERC) with exclusive authority to license nonfederal hydropower projects on navigable waterways and federal lands. FERC is associated with the federal Department of Energy and issues licenses for up to 50 years for constructing, operating, and maintaining these projects. When the license expires, FERC can issue a new license to the existing licensee or a new licensee.

In making its licensing decisions FERC must give equal consideration to a full range of purposes related to the potential value of a stream or river. These purposes include: hydroelectric development; energy conservation; fish and wildlife resources; recreational opportunities; environmental quality; irrigation; flood control; and water supply. Projects to be licensed must be as well adapted as possible to any existing comprehensive plans for their river basin.

Environmental concerns today are quite different than they were 50 or more years ago when most hydroelectric projects were constructed. Relicensing is an opportunity to make significant environmental improvements in areas related to project operations. License requirements to protect, mitigate, and enhance project-related resources are determined through FERC's independent analysis of the comments and recommendations received from federal and state agencies, the applicant, and the public.

Key Decisions for Next Governor/Secretary

DENR is the lead State department for relicensing. The Department needs additional resources to deal with the tremendous workload that FERC relicensing is requiring now and through 2008. By 2003 there will be 12 major relicensings involving 31 projects going on simultaneously. A departmental FERC licensing coordinator position should be established immediately and additional resources provided to the divisions involved in FERC licensing work. Each Division involved in the FERC process should designate a FERC licensing coordinator.

The Division of Water Resources (DWR) should develop comprehensive river basin plans for the Little Tennessee, Yadkin-Pee Dee, and Catawba River Basins by 2003 to ensure that new FERC licenses reflect State priorities for water resources management.

Upcoming Events/Important Dates

Most original licenses for major projects were issued for 50 years. The licenses for all major hydroelectric projects in the State, excluding those owned by the Tennessee Valley Authority and the U.S. Army Corps of Engineers, will expire between 2001 and 2008. There are 24 large reservoirs and 8 smaller impoundments in North Carolina that are part of projects now or soon will be going through relicensing. License expiration dates are shown below.

Project Name	Licensee	Expiration Date
Gaston/Roanoke Rapids	Virginia Power	1/31/2001
Queens Creek	Nantahala Power & Light Co.	9/30/2001
Tapoco (Santeetlah, Cheoah, Calderwood)	Alcoa Power Generating Inc. - Tapoco Division	2/28/2005
Bryson, Dillsboro, & Franklin	Nantahala Power & Light Co.	7/31/2005
Mission	Nantahala Power & Light Co.	8/1/2005
East Fork (Tanasee, Wolf Ck., Bear Ck., Cedar Cliff)	Nantahala Power & Light Co.	1/31/2006
West Fork (Thorp & Little Glenville)	Nantahala Power & Light Co.	1/31/2006
Nantahala (Nantahala, White Oak & Dicks Ck.)	Nantahala Power & Light Co.	2/28/2006
Yadkin (High Rock, Tuckertown, Badin & Falls)	Alcoa Power Generating Inc. - Yadkin Division	4/30/2008
Yadkin-Pee Dee (Tillery & Blewett Falls)	Carolina Power & Light Co.	4/30/2008
Catawba-Wateree (James, Rhodhiss, Hickory, Lookout Shoals, Norman, Mountain Island, & Wylie)	Duke Power Company	8/31/2008

Infrastructure/Partnerships Developed to Implement Program

The Division of Water Resources (DWR) is the lead agency for hydropower licensing for the Department. DWR works closely with the Wildlife Resources Commission, Division of Water Quality, and Division of Parks and Recreation to coordinate DENR's recommendations to FERC. DWR also coordinates with the U.S. Fish and Wildlife Service, U.S. Forest Service, National Park Service, and other federal agencies on mutual issues related to licensing decisions. DWR maintains a relationship with all of the major non-governmental organizations and stakeholders involved in licensing processes. This Division continually works with licensees and has had informal communications with them regarding ongoing and upcoming relicensings. Some licensees have expressed interest in developing a process where settlement agreements might be developed early in relicensing or even before relicensing begins.

Key Constituent Groups

American Rivers, Trout Unlimited, American Whitewater, Sierra Club, National Wildlife Federation, Carolina Canoe Club, American Canoe Association, Catawba Wateree Relicensing Coalition, NC Watershed Coalition, Western NC Alliance, utilities customers, and others.

Key Contact People

For further information about the FERC licensing process, please contact Steve Reed, Hydropower Licensing Coordinator, Division of Water Resources, DENR, 715-5424, Steven.Reed@ncmail.net.

FUNDING FOR LOAN AND GRANT PROGRAMS

The Department of Environment and Natural Resources is responsible for administering several financial assistance programs to aid local units of government in addressing their drinking water and wastewater needs. These needs have been estimated to be in the neighborhood of eleven billion dollars. The funding for these programs comes from both State and Federal sources—most notably EPA and the Clean Water and Natural Gas Critical Needs Bond Act of 1998.

North Carolina operates both Drinking Water and Clean Water State Revolving Loan Fund programs (DWSRF and CWSRF, respectively) financed largely by Congress through EPA. The EPA grants come directly to the state, which provides 20% matching funds. These funds are then loaned to local units of government at one-half of the market rate for a term of up to twenty years. All principal and interest repayments are returned to the fund to be loaned again, thereby creating a fund that will revolve in perpetuity. The Department also administers a similar loan program for smaller projects funded entirely by state contributions as well as a grant program for systems with high residential user rates.

The large number of municipalities unable to borrow sufficient capital to meet their water and wastewater needs, while maintaining affordable rates, coupled with the number of local governments on moratorium, or under some type of administrative order to improve their systems, led to the passage of the Critical Needs Bond Act in 1998. The passage of this Act provided the Department with the required State match to access the federal money for a period of five years and capitalized the water and wastewater grant programs at three hundred and thirty million dollars (\$330,000,000). Three hundred million dollars (\$300,000,000) was also made available for a non-revolving, market rate loan program.

Key Decisions for Next Governor/Secretary

The State needs to identify and build support for a permanent, ongoing source of revenue to provide water and wastewater grants to ensure affordable rates statewide. An established funding mechanism would promote better planning and eliminate the “feast or famine” situation under which these programs have been operating. Questions of how to effectively balance the needs of public health and water quality against the desire for an equitable geographic distribution of funds will persist as will the debate over the pros and cons of a consolidated agency within the Department to manage both water and wastewater projects.

The Governor and/or Secretary must also work with the legislature to develop the appropriate role of the newly formed Infrastructure Council in the management of the state loan and grant programs.

Upcoming Events/Important Dates

The Council will report on equitable distribution of funds in December and will make recommendations to the legislature during the long session.

Infrastructure/Partnerships Developed to Implement Programs

NC League of Municipalities, NC County Commissioners Association, NC Rural Center, & Professional Engineers of North Carolina

Key Legislators/Legislative Committees

The State Infrastructure Council has nineteen (19) members: four members appointed by the Governor; five members appointed by the President Pro Tempore of the Senate; five members appointed by the Speaker of the House of Representatives; and the Secretary of Commerce, the Secretary of DENR, the State Treasurer, the Executive Director of the League of Municipalities, and the Executive Director of the North Carolina Association of County Commissioners. The Council has been directed to evaluate the state's water and wastewater needs and develop a strategic plan to address those needs in an environmentally sound manner.

Sponsors of original clean water bond bills: Senator Kerr, Rep. Owens

Key Constituent Groups

The key constituent groups are all represented on the State Infrastructure Council—legislators, city and county associations, professional engineers, environmentalists, and other governmental agencies.

Key Contact People

Sherrri Evans-Stanton, Deputy Secretary of Policy and Programs, DENR, 715-4103

Anita Watkins, Senior Policy Analyst, DENR, 715-2613

Richard Rogers, Dir. of Legislative and Inter-Governmental Affairs, DENR, 715-4152

Bobby Blowe, Division of Water Quality, DENR, 715-6212

Sid Harrell, Division of Environmental Health, DENR, 715-3216

SEDIMENTATION CONTROL COMMISSION'S PLAN OF ACTION

Sedimentation is the number one pollutant by volume in North Carolina. Sedimentation can quickly fill streams and lakes destroying aquatic habitat, reducing fish populations, and displacing municipal water supplies' storage capacity. Sediment also increases the cost of water treatment, which ultimately is passed on to the taxpayer. Erosion rates can vary from almost nothing on lands where good conservation practices are used to over 100 tons of soil per acre per year where poor conservation practices are used during land-disturbing activities. In 1973, the General Assembly recognized the problem with sedimentation and passed the Sedimentation Pollution Control Act (Act). The Act established the Sedimentation Control Commission (Commission) and authorized the establishment of a comprehensive state erosion and sedimentation control program

A sediment plume flowing down the Neuse River in June 1997 raised concerns all across the state. Governor Hunt met with the Sedimentation Control Commission (SCC) and requested that the Commission work with the Department of Environment and Natural Resources to develop a plan of action to improve the effectiveness of erosion and sedimentation control efforts.

In November 1997, the Commission approved a Plan of Action aimed at tightening standards, improving enforcement, and enhancing technical assistance for the state's sedimentation control program. Recommendations for improving the program were presented to the Commission by its Technical Advisory Committee (TAC); the TAC three subcommittees and five workgroups to examine specific aspects of the program and recommend improvements.

The Commission made the following recommendations for legislative action to the Governor and the Environmental Review Commission as part of its Plan of Action to improve erosion and sedimentation control:

1. Exposed slopes on construction sites should be provided with a temporary ground cover sufficient to control erosion within fifteen working days or thirty calendar day of completion of any phase of grading, whichever is shorter.
2. The department should be authorized to issue stop-work orders for as long as five days.

These amendments to the Sedimentation Pollution Control Act of 1973 were enacted by the NC General Assembly in August 1998.

In addition to these statutory changes, the Commission initiated rulemaking to change the requirement for permanent ground cover, to require notification of start-up of land disturbing activity, to allow programs to require preconstruction conferences, and to strengthen the procedure for assessing civil penalties. These rule changes became effective on July 1, 2000.

Key Decisions for Next Governor/ Secretary

Continued active support for reducing sedimentation pollution is needed from the next Governor and Secretary. As part of the Plan of Action, the Commission investigated the staffing needs of the state Erosion and Sedimentation Control Program and delegated local programs. The Commission determined that construction projects were being inspected on the average only once every six months at that time. Four alternatives for increasing staffing levels were developed based on inspection frequency. The Commission recommended to the Governor the alternative that would allow the inspection of construction projects once per month because construction sites are so dynamic and can change substantially in a relatively short period. This scenario proposed that an additional 113 technical positions be established. The Governor committed to support an effort to increase staff by 90 positions over three years. The Governor has requested additional staff each of the last three years, and the General Assembly has approved 14 new positions. These new positions have improved the inspection frequency to once every 4.4 months, but this is far short of the Commissions' goal of once per month. The additional 76 positions are needed to bring the inspection frequency to once per month. The Governor also supported the Commission's recommendation to provide matching funds for the start-up or improvement of delegated local programs. The General Assembly has authorized a lower, but positive, level of support for local government programs.

Upcoming Events/ Important Dates

Sedimentation Control Commission's quarterly meetings.

Infrastructure/ Partnerships Developed to Implement Programs

The Commission worked in partnership with a number interest groups to develop the Plan of Action. The Commission and all of its work groups were made up of representatives of the environmental, the development and the engineering communities, and local and state government, and academia.

Key Legislators/ Legislative Committees

Environmental Review Commission; Senate Ag/Envir/Nat. Resources; House Envir/Nat. Resources; NER Appropriations

Key Constituent Groups

NC Homebuilders Association, NC Environmental Defense, Assoc. General Contractors, Conservation Council, N.C. Aggregates Association, Sierra Club, PENC and CRC, Wildlife Federation, Assn. County Commissions, League of Municipalities

Key Contact People and Phone Numbers

Please call Charles Gardner at 733-3833 or e-mail charles.gardner@ncmail.net for additional information.

NC DENR ENVIRONMENTAL EQUITY INITIATIVE

The Environmental Equity Initiative supports DENR's mission of protecting the state's human and natural resources by ensuring clean air, clean water and proper disposal of pollutants for all of the State's citizens. EPA has recently released revised guidance to the states on compliance with Title VI of the Civil Rights Act of 1964 in federally supported environmental regulatory programs. The EPA guidance is focused on ensuring that federally supported environmental programs do not discriminate on the basis of race, color or national origin in permitting, enforcement or siting decisions. Permitting and siting decisions have already led to a small number of environmental justice complaints in North Carolina– the first and most prominent coming out of the siting of the PCB landfill in Warren County. Environmental justice has the potential to become a major factor in industrial siting and permitting.

NC DENR has developed a partnership with other state agencies, particularly the Department of Transportation and the Department of Administration, to develop environmental justice policies and find ways to address environmental justice issues in decision-making. On October 19, 2000, the three departments co-sponsored a workshop, "Exploring Environmental Justice", to educate state and federal employees on environmental justice issues. DENR is also working with the historically black colleges and universities in the UNC System (HBCUs) on environmental justice issues. DENR's first event will be with Shaw University in February 2001, followed by Johnson C. Smith University in March 2001, and NC A&T in May 2001. DENR will participate in the National Environmental Justice Advisory Committee (NEJAC) Spring and Winter Sessions that update State and communities on policy and potential funding sources. The NEJAC also allows for states and community groups to express concerns to a national body that can recommend changes to EPA-delegated programs.

DENR's Goals for Environmental Equity:

- To ensure that agency programs substantially affecting human health or the environment operate without discrimination.
- To provide information for citizens and neighborhood groups to allow for meaningful participation in permitting and siting processes.
- To respond in a meaningful manner to allegations of environmental injustice.
- To provide a link for communication and information between the community, industries and the government,
- To increase awareness of environmental conditions in low income and minority communities.

Key decisions for Next Governor/Secretary

DENR and DOT have developed departmental policy statements on environmental justice; the Department of Administration is considering adoption of a policy. The next Governor/Secretary will need to make decisions about how these environmental justice policies are implemented through permitting, enforcement and siting programs; effective implementation may require legislation and/or departmental rulemaking.

Upcoming Events/Important Dates

The NEJAC meets in May and December of each year as directed by Federal Executive Order. The Citizens Grassroots Environmental Justice Network of N.C. annual conference has been held in Tillery North Carolina for the past three years. Region 4 EPA provides periodic training for state environmental justice coordinators. Congressional Black Caucus/ Environmental Council of States (ECOS) Listing Session held is in four sections of the country. ECOS will sponsor a state leadership meeting on environmental justice.

Infrastructure/Partnerships Developed to Implement Programs

HBCU and UNC systems, EPA or Federal Agency regarding E.J, Business groups and industry representatives, Community groups, Faith Communities.

Key Legislators/Legislative Committees

Senators Balance, Dannelly, Jordan, Lucas, Lee, W. Martin, Shaw

House Legislative Black Caucus membership (prepared to introduce legislation)

Key Constituent Groups

Warren County Citizen Concerned Citizens- Dollie Burwell; NC E. J. Network- Nan Freeland; Southerners for Economic Justice; United Church of Christ, Commission for Racial Justice, Enfield NC; Environmental Poverty Law Program; Southern Environmental Law Center - Trip Van Noppen; Walnut Creek 2000 Project; Partners for Environmental Justice; Enviro 1st, Durham, NC; Demoracy South; North Carolina Fair Share; Land Loss Prevention Project; Shiloh Coalition for community control & improvement; Princeville Citizen Awareness committee; Charlotte Black Political Caucus; NC Black Leadership Caucus; Paw Creek Concerned Citizens committee; Black County Officials Network; Mecklenburg Black Elected Officials; NC NAACP; NC Office of Minority Health; Sierra Club

Key Agency Contacts

Diane Long NC DENR- 715-4195

NC DOT - Leigh Lane Director of Public Involvement- P-250-4092
State Health Director -733-4392
USEPA Region 4 E. J. Connie Raines- 404- 562-9671
ECOS, Carole Leftwich, 202-624-3660
Office of Environmental Justice, Barry Hill, Director, 202-564-2633
Shaw University Science Dept. Dr. Ejire-546-8204
NC A&T University, Doris Maxwell
Office of Minority Health, Barbara Pullen Smith-919-715-0994
Legislative Black Caucus, Chair
Congressional Black Caucus, Chair

CONVERSION OF ANAEROBIC LAGOONS AND SPRAYFIELDS

In April 1999, the Hunt Administration proposed a Framework for Conversion of Anaerobic Swine Waste Lagoons and Sprayfields. The plan was initiated in an effort to move North Carolina towards a day when swine production produces no ill public health or environmental impacts and becomes a sustainable part of North Carolina's economy. Given the potential risks of swine production to ground and surface waters, air, and public health, the plan proposed a widespread conversion of swine waste lagoons and sprayfields to new technologies.

The plan includes the following major components:

- Closure of inactive lagoons.
- Evaluation of the environmental risks posed by individual swine facilities.
- Creation of an expert Technology Panel to evaluate the available technology types for performance as well as cost feasibility.
- An economic feasibility study of conversion to new technologies.
- A mandate to the EMC to write performance and technology standards for new swine waste management technologies.
- Direction that the Soil and Water Conservation Commission develop a State Nutrient Plan to manage excess swine nutrients by suggesting new uses.

Key Decisions for Next Governor/Secretary

1. The Department completed an inventory and ranking of 1170 inactive lagoons in accordance with the Governor's Plan and a legislative directive. The inventory report was provided to the ERC in April of 2000 and remains under their advisement. Both legislation and funding will be required to stimulate closures.
2. Evaluation of thousands of swine facilities and identification of measures necessary to reduce environmental risk will require the next Secretary to make a major commitment of time and resources from the staffs of the Division of Water Quality and the Division of Soil and Water Conservation. By statute, each division is currently required to inspect every animal facility at least once per year. There is concern within the programs that the mandatory annual inspections do not allow the divisions to use their joint resources as effectively as they otherwise could to identify and work with problem facilities. Elimination of the annual inspection requirement, however, would likely be opposed by environmental organizations.

3. The Technology Panel will finalize its report by December 2000; the report is not likely to require any immediate action by the Governor or Secretary on selection of new technology. The Panel has identified potential alternatives to the current open lagoon and sprayfield system based on bench or pilot scale trials, but noted a need for commercial-scale evaluations of these alternative systems to determine whether they are both environmentally superior to current systems and economically feasible. Once these technologies are tested on farms (which will be done as part of the Attorney General's agreement with Smithfield Foods), the Governor and Secretary will need to decide how to require or encourage installation of the approved technologies on a larger scale. For these technologies to be cost effective, it will be necessary to encourage and support development of markets for the by-products from these processes. Cost share and technical assistance for conversion will be a major issue for both contract growers and independent producers; obtaining additional funding for that assistance from the legislature will likely require strong support from the Governor and Secretary.
4. There are no existing regulations addressing problems resulting from emissions of ammonia from swine operations. Air-borne ammonia can contribute to excessive nutrient loading in the State's nutrient sensitive river basins as it falls to the ground either as particulates (dry deposition) or in rainfall (wet deposition). Evaluation of swine facilities and identification of measures to reduce potential impacts on surface waters and groundwater can be achieved using current regulatory authorities. The EMC is considering a proposed rule that would require swine producers to reduce their current emissions and losses of ammonia and other nitrogen compounds by 40% over the next five years. The support of the Governor and Secretary will be key to obtaining EMC adoption and legislative approval of the rule.
5. The current moratorium on the construction or expansion of swine farms and on lagoons and animal waste management systems for swine waste expires on July 1, 2001. In early 2001, the Governor and Secretary will be faced with a decision to recommend that the General Assembly extend the current moratorium, implement a modified moratorium or let the current moratorium expire.

Upcoming Events/Important Dates

The moratorium on the construction or expansion of swine farms, lagoons and animal waste management systems expires on July 1, 2001. In early 2001, the Governor and Secretary will be faced with a decision to recommend that the General Assembly extend the current moratorium, implement a modified moratorium or let the current moratorium expire.

Infrastructure/Partnerships Developed to Implement Programs

In order for the various components of the Conversion Plan to be successful, the stakeholder groups that have been convened must be maintained, supported, and strengthened. Key participants are the environmental/community groups, the producers, university scientists (particularly at North Carolina State University), NRCS and numerous state agencies.

Key Legislators/Legislative Committees

Environmental Review Commission

Key Constituent Groups

Southern Environmental Law Center, Environmental Defense Fund, Sierra Club, Neuse River Foundation, Alliance for a Responsible Swine Industry, the N.C. Pork Council, and Frontline.

Key Contact People and Phone

Robin Smith, Assistant Secretary, Environmental Protection, (919) 715-4141

Anita Watkins, Sr. Policy Analyst, Office of the Secretary, (919) 715-2613

David Vogel, Division Director, Division of Soil and Water (919) 733-2302

Alan Klimek, Division Director, Division of Air Quality, (919) 715-6233

Tommy Stevens, Division Director, Division of Water Quality, (919) 733-7015

ENVIRONMENTAL EXCELLENCE INITIATIVE

The long-term goal of state environmental policy is to develop a sustainable economy that will “meet the needs of the present without compromising the ability of future generations to meet their needs.” This widely held definition of sustainable development is the cornerstone to the future of environmental management in NC. If facilities become sustainable, their emissions and pollutants will be so low that they no longer will be subject to the regulatory system.

Our current regulatory system focuses on a reactive permit-based command and control philosophy. Under the current system, there were over 133,000,000 pounds of emissions reported under the 1998 Toxic Release Inventory. All of these emissions were permitted. It is widely recognized that getting the regulated community to go “beyond compliance” and strive to become sustainable will have long-term economic and environmental benefit. Actively promoting, encouraging and supporting a holistic proactive pollution prevention based approach will provide the greatest benefits to both the environment and the economy of NC.

Some NC companies have already realized the effectiveness of this business strategy and have implemented active sustainability programs. An example is Konica Manufacturing in Whitsett, NC. This producer of photographic paper reduced hazardous waste by 75%, water use by 30%, and recycled 60% of their solid waste. This is just the beginning as they have in place an active continuous improvement program.

DENR is developing the Environmental Excellence Initiative to provide additional incentives for companies to emulate the successful efforts of facilities such as Konica. This voluntary program will encourage regulated facilities to develop and implement programs that use innovative pollution prevention approaches to meet and exceed regulatory requirements. Key incentives offered by the program will be assistance in removing regulatory barriers to innovation and additional flexibility in meeting environmental goals. This effort draws on the technical expertise of the Division of Pollution Prevention and Environmental Assistance. Established in 1984, it is the oldest pollution prevention assistance program in the country.

Participants in the program must have demonstrated a real commitment to environmental excellence based on their past compliance record and the development of a proactive management system that identifies aggressive reduction goals and measures progress towards these goals. Participants in the Initiative will be eligible for a wide range of incentives including: public recognition, state and Federal regulatory flexibility, permit process flexibility and technical assistance. Flexibility of Federal regulations or delegations will require a negotiated agreement between EPA and DENR under the “Joint State and EPA Agreement to Pursue Regulatory Innovation,” which is currently under development. Financial incentives, such as tax credits and access to capital, will depend on new legislation.

Key Decisions for Next Governor/Secretary

The key decision is to finalize an Environmental Excellence Initiative and develop and implement the needed incentive programs. The program will require enabling legislation or an executive order by the Governor.

Upcoming Events/Important Dates

The proposed structure for the Initiative will be developed by late fall, 2000. A negotiated agreement between EPA and DENR under the “Joint State and EPA Agreement to Pursue Regulatory Innovation” to provide flexibility of federal regulations should be complete by January 2001. The program could then be rolled out as early as February 2001.

Infrastructure/Partnerships Developed to Implement Programs

This Initiative will require partnerships between DENR, key industrial organizations and environmental groups. The proposed program is based on key items discussed during a yearlong series of meeting with a range of stakeholders on a draft “Environmental Excellence Programs Act”.

Key Legislators/Legislative Committees

The key committees are: Environmental Review Commission, Senate Agriculture/ Environment/ Natural Resources Committee, and House and Senate Appropriations Subcommittee on Natural and Economic Resources.

Key Constituent Groups

Key groups include business organizations (NCCBI, MCIC, and NC Agro-business Council); environmental groups (NC Sierra Club, NC Environmental Defense), Southern Environmental Law Center, Blue Ridge Defense League, Neuse River Foundation, and the NC Conservation Council); other state agencies, such as the Department of Commerce; and local government organizations such as the League of Municipalities and the Association of County Commissioners.

Key Contact People and Phone Numbers

For further information about the Environmental Excellence Initiative, please contact Gary Hunt, Director, Division of Pollution Prevention and Environmental Assistance: 715-6508.

B. NATURAL RESOURCE ISSUES

WOOD CHIP PRODUCTION IN NORTH CAROLINA

In 1996, Governor Hunt directed the department to conduct a study of technical issues associated with wood chip mills and wood chip production in North Carolina. This study was initiated to examine the role of chip mills within the context of North Carolina's timber industry, and to explore whether chip mills caused more timber to be harvested in North Carolina. Additionally, the study addressed other potential ecological and economic impacts, including changes to forest composition, soil and water quality impacts, wildlife habitat alterations, regional economic impacts of wood-based manufacturing and nature-based tourism, effects on nonindustrial private forest landowners, and effects on residents' perceptions of the quality of life in selected communities where chip mills were located.

The chip mill study results were reported to DENR at the end of August, 2000. To evaluate the impact of chip mills on timber harvest and the forest resource, the study examined the conditions of the State's forest resource and forecast its potential status in 20 years. The study shows that we have lost more than 1 million acres of forest in the past 15 years and that we will likely lose as much in the next 20 years. The principal losses are to urbanization. The estimated loss of forest areas is actually larger but was offset by conversion of farmland to forest. The forests are largely owned by private, nonindustrial forest landowners (over 76%) whose economic decisions will be the key to the future of our forests in this state. Current incentive programs are inadequate to prevent permanent conversion of forests, especially for the maintenance of hardwood forests.

Chip mills were shown to be a new technology making harvest more intensive and efficient in its use of wood removed from harvest sites. Chip mills can have significant regional impacts within their harvest zones, typically a 50-75 mile radius. Chip mills require 1,000 acres of timber per 100,000 cubic feet of capacity per year. The newer facilities have a capacity of 400,000 cubic feet and thus will require 40,000 acres of forest for 10 years operation for a single shift, or 80,000 acres for a double shift.

The existing chip mill facilities are currently being used at slightly more than 80% of capacity for a single shift. The capacity is more than adequate to meet the existing demand for harvest and can easily be doubled by an additional shift. Chip mills are disbursed so as to adequately serve the State as a whole.

Key Decisions for Next Governor/Secretary

At this writing, the Department is still preparing its recommendations to the Governor based upon the study findings. At the same time, several key environmental organizations have called for a moratorium on additional chip mills. The next Governor/Secretary will likely be required to take a position on development of a state policy on chip mills as the issue progresses.

Upcoming Events/Important Dates

Legislative commission meetings may be held and recommendations approved for the next General Assembly Session.

Infrastructure/Partnerships Developed to Implement Programs

An advisory committee of stakeholders (forest industry and environmental community) was involved with the researchers throughout the study. The department had maintained open communication with existing organizations on all sides of these issues, including: N.C. Forestry Association, N.C. Forest Landowners Association, Southern Environmental Law Center, Environmental Defense, Sierra Club, Concerned Citizens for Rutherford County, and others. A good working relationship has been developed with all stakeholders on this issue, although universal acceptance of forthcoming recommendations is unlikely.

Key Legislators/Legislative Committees

At this writing the route the Governor's recommendations will take is unknown. However, the Smart Growth Commission or Environmental Review Commission are likely prospects.

Key Constituent Groups

See Infrastructure/Partnerships above.

Key Contact People and Phone Numbers

Dan McLawhorn (715-4146) served as the department's policy lead on the study and preparation of recommendation; Bill Flournoy (715-4191) served as grant and project manager.

MILLION ACRE INITIATIVE

In 1999, Governor Hunt, along with several state legislators, proposed that North Carolina begin to consider the effects of growth in the state and how to address these effects both sustainably and economically. The Legislative Smart Growth Study Commission (Commission) was formed pursuant to legislation and is comprised of legislators, local government officials, the Secretaries of Commerce, Transportation and Environment and Natural Resources, community/environmental representatives, and business/industry representatives. The Commission is addressing transportation, community development/downtown revitalization, regionalism and open space/farmland preservation issues. The Commission will report their recommendations and findings to the General Assembly during the 2001 session.

As part of the Smart Growth Initiative, Governor Hunt's Interagency Task Force on Smart Growth found, through a series of public meetings across the state, that open space preservation was a primary citizen concern. Governor Hunt subsequently made his million acres challenge at the NC Smart Growth Commission meeting on January 31, 2000. Developed in collaboration with a broad base of interested parties both inside and outside government, the Million Acre Plan sets forth a strategy for achieving the goal of adding one million acres to North Carolina's current stock of permanently conserved open space and farmland by the end of the year 2009. The initiative includes lands acquired by State and local government, as well as lands permanently protected through less-than-fee acquisitions such as conservation agreements with private landowners.

Lands protected through the Million Acre Initiative will serve to protect North Carolina's streams, rivers, lakes, estuaries, sounds and coastal waters; preserve natural areas, rare species,

wildlife habitat and wetlands; maintain riparian buffers; protect drinking water supplies; conserve forestland and productive agricultural lands; provide urban greenspaces; and preserve the State's scenic beauty, historic and cultural sites. In addition, many of the areas placed in conservation will also help to reduce risks to people and businesses from flooding.

The Million Acre Initiative has received an enthusiastic response; state agencies, local land trusts, and private businesses have all expressed great interest in participating in the initiative. Local governments, who arguably stand to lose the most (in the form of property tax revenue), are generally supportive of the plan to protect more open space in and many are beginning their own open space programs. Weyerhaeuser, International Paper, and Smithfield Foods are among the private corporations who have contacted DENR to participate in this popular and still-just-beginning initiative. Government and farm interests have also noted the importance of preserving the state's productive agricultural lands against loss resulting from conversion to development.

The State's role in the Million Acre Initiative should be to: 1) set an example by accelerating the acquisition of state parks, game lands, coastal reserves and other state conservation lands; 2) encourage, facilitate, and financially support acquisitions by others, particularly local governments and private land trusts; 3) promote statewide objectives for farmland preservation, through conservation easements and voluntary agricultural districts; 4) encourage and facilitate mutual planning, training, education, cooperation, and collaboration among local jurisdictions and multiple land managing organizations; 5) serve as a communication hub and statewide clearinghouse for open space data and information.

Key Decisions for Next Governor/Secretary

While the Million Acre Initiative is designed to coordinate and facilitate existing open space protection activities, the state is generally looked to as a source of funding assistance for these wide-ranging open space and farmland protection activities. The 2000 session of the General Assembly appropriated \$1.7 million for the state's Farmland Preservation Trust Fund (FPTF), and passed a bill stating the intent to increase the Clean Water Management Trust Fund (CWMTF) to \$100 million over the next three years. The next administration will have to make key determinations about the level of funding to be allocated to the FPTF and CWMTF, other existing programs and possibly new trust funds. Upcoming reports from the Environmental Finance Center of UNC and the Smart Growth Commission will provide analysis and recommendations for potential funding mechanisms. Funding is also needed to support the state's role in coordinating the Million Acre Initiative. A small grant from Z Smith Reynolds allowed DENR to hire a coordinator for one year, but additional funding is essential to continue this work. DENR's proposed expansion budget includes a request for funding of the Million Acre Coordinator.

Upcoming Events/Important Dates

The Million Acre Initiative is required to submit its annual report every September, and in January 2001, the UNC Environmental Finance Center will complete a study on the combination of funding sources that could enable North Carolina to achieve the million acre goal. Finally, the recommendations of the Legislative Commission to Address Smart Growth, Growth Management, and Development Issues are due in January 2001.

Infrastructure/Partnerships Developed to Implement Programs

Implementation of the Million Acre Plan involves a number of divisions in DENR, and is coordinated in the Parks and Recreation Division of DENR. Because this is a new initiative, new partnerships between the various state, local and private land conservation entities are just now being developed.

Key Legislators/Legislative Committees

The Million Acre Goal was codified by the NC General Assembly on May 18, 2000 through House Bill 1633, Million Acre Open Space Goal (§113A-240). Senator Fountain Odom initially sponsored the bill. The Environmental Review Commission, Environment and Natural Resource Committee and agriculture committees will play a key role. Other legislators/committees that will be important will depend on what legislation the new administration proposes.

Key Constituent Groups

The Million Acre Initiative has a high profile and affects a wide variety of constituents. Private land trusts, the development community, natural resource professionals, local governments, agricultural interests, historic preservationists, parks and recreation managers, land owners, as well as nearly every outdoor activity organization has an interest in the direction of the Million Acre Initiative.

Key Contact People

Dr. Phil McKnelly, Director of the Division of Parks and Recreation, 715-8710
Carol Tingley, Natural Resources Section Chief, Division of Parks and Recreation,
715- 8691

Marc deBree, Coordinator, Million Acre Initiative, (919) 715-7735

David Vogel, Director, Division of Soil and Water Conservation, Farmland
Preservation Liaison, (919) 715-6097

Anita Watkins, Sr. Policy Analyst, Office of the Secretary, (919) 715-2316

Kari Barsness, Governor's Management Fellow, (919) 715-4193

C. MANAGEMENT SYSTEM ISSUES

INTEGRATED ENVIRONMENTAL INFORMATION SYSTEM (IEIS)

During the past few years, Information Technology in DENR has evolved from merely a mechanism to increase production to becoming a strategic partner in accomplishing the department's mission. As a result, a number of initiatives are underway which are intended: 1) to improve the access to key information for decision making, 2) to better respond to inquiries from Legislators and the media, as well as 3) to enable the department provide better service to our customers and citizens. Much progress has been made. However, there are several key initiatives, which need continued support if the department will continue to make progress in this area.

One of the most frequent complaints from Legislators and customers of DENR, as well as one of the greatest frustrations for managers and employees of the department, is the inability to access

complete and comprehensive data on key issues. Environmental departments in numerous states have moved to some version of an Integrated Environmental Information System (IEIS). DENR has failed to take this step until this year. The department is gathering information from our managers and customers as to what information is most needed. Based on this information, the department is constructing a strategic information technology plan to build a more integrated IT system in the department. An expansion budget request of \$5.040 million has been submitted to create the foundation for an Integrated Environmental Information System. This system will improve access to information about permitting, compliance, and enforcement activities for all divisions within DENR, and provide good data with which to manage key departmental functions.

USEPA One-Stop Grant & Facility Identification Template for States (FITS)

The core to integrating environmental information is having a single identifier for all regulated facilities similar to a postal address for every household. This identifier is commonly referred to as a Facility Identification Template for States (FITS). The USEPA One Stop Program has awarded DENR a \$500,000 grant to support the implementation of the Facility Warehouse System, which is built around the Facility Identification Template for States (FITS) model. A cross-divisional team is developing a plan for the implementation of FITS as the data model for integrated information systems. Together, these initiatives will provide customers the opportunity to access information about the department and its permittees.

Basinwide Information Management System (BIMS)

The Basinwide Information Management System (BIMS) supports DENR's mission of protecting and restoring the surface waters of the state of North Carolina. BIMS manages a centralized, fully integrated, easily accessible, up-to-date source of data about discharge and non-discharge permits, compliance and enforcement activities and other activities that affect water quality. There are fourteen planned stages for the development of this system. Efforts are underway to integrate its development with a similar project in the Division of Air Quality. These efforts should reduce duplicative systems and reduce costs.

Electronic Government Grants

DENR has been awarded two electronic government grants. The first, The Underground Storage Tank (UST) Tracker will significantly improve customer service to permittees and access to information for citizens. It will increase DENR's ability to track the location of UST locations throughout the state and publish that information to citizens on the Internet. In addition to increasing DENR's efficiency in managing the UST program, the proposed tracker would also benefit citizens, real estate professionals, business owners of both the permitted facilities, primarily gas stations, and motor fuel transport carriers. Through the new system these constituents would be able to submit renewal permit applications on-line and view information on all UST permits over the Internet.

Secondly, the Division of Parks and Recreation (DPR) will create a web-accessible reservations system for state park facilities, which will improve customer service and generate increased revenues. NC is one of the very few states that do not have an automated reservation system for its campsites, picnic shelters, and lodges. DPR already receives over 77,000 visitors each year to its existing web site and believes citizens would welcome the convenience of making

reservations and credit card payments on-line. The proposed system would provide the citizens a more timely, personalized, and cost-effective manner by which to obtain DPR services. It would benefit citizens by enhancing the effectiveness of existing services, improving operations, and providing timely services to citizens.

Permit Application Tracking System

Expanding electronic reporting has become a key area of focus for our information technology systems during the past year. The Permit Application Tracking System allows departmental staff, permittees and citizens to get information on the status of certain permit applications over the Internet. It has received rave reviews from the users to date.

Electronic Permitting

DENR's first Internet permitting application, the Capacity Use Permit, allows the electronic submittal of permit applications over the Internet for large-scale water users in eastern North Carolina. It helps citizens and organizations to complete the applications and will speed the application review process.

Customer Service Center

The Customer Support Center Web Project has created a one-stop shop for all environmental permitting information - NCEviroPermit.com. This project is in response to the frequent complaints about the large and confusing number of permits in DENR. It has made it much easier for citizens to identify and download all of the permits potentially required by a facility operating in an industry.

Web Integration Team

This cross-divisional team is working to ensure that all of DENR's web pages adhere to state standards, policies, guidelines, and procedures. In addition, the team will ensure that all of DENR's web pages connect and with other state and federal government systems making retrieval of needed information easier for our users.

Key Decisions for Next Governor/Secretary

How do we fund and build a comprehensive Environmental Information System within DENR that supports the programs need to be flexible, while fulfilling the need for integrated data? How do we bring IT to the Natural Resource divisions where little to no automation is found?

Upcoming Events/Important Dates

January or February 2001: Delivery of USEPA One Stop Grant (\$500,000).

Infrastructure/Partnerships Developed to Implement Programs

North Carolina Office of Information Technology, US Environmental Protection Agency: One Stop Program and Reinventing Environmental Information Program

Key Legislators/Legislative Committees

Joint Select Committee on Technology – Rep. Joe Tolson & Sen. Eric Reeves, Information Resource Management Commission (IRMC), Electronic Government Steering Committee, Information Technology Management Advisory Committee (ITMAC)

Key Legislative Issues

Senate Bill 222 – Governs the management of Information Technology within the state.

Key Constituent Groups

Industry, Environmental Groups, United States Environmental Protection Agency (USEPA)

Key Contact People and Phone Numbers

Michael Williamson, Deputy Secretary For Operations, 715-4105

Bill Golden, Information Technology Director, 715-0330

STAFF RETENTION

In order to effectively operate environmental and natural resource programs in North Carolina, DENR must be able to recruit and retain quality staff. Increasing pressure from private sector, as well as local government, employers has made this an increasingly difficult task. One of the Department's top priorities has become the development of strategies to improve our employee retention.

The department has identified 25 employee classifications that experience the highest turnover. Included in these classifications are Environmental Engineers. In 1999 and 2000, we collected information and recommendations on this issue through the DENR Permit Reform Implementation Team; a joint report from Budget, Planning and Analysis and Human Resources; and the 2000 employee survey. Although the Permit Reform Implementation Team's recommendations focused on the retention of regulatory staff, its recommendations to management were considered generally applicable to all DENR employees. Two of the key problems identified and corresponding recommendations follow:

- Limited Funds - Funds must be available to address outstanding pay commitments, which have not been honored. Currently, there are more than \$1.5 million in salary adjustments, which have been approved by the State Personnel Commission or by departmental managers that have not been funded. Additional needs are anticipated in the months ahead.
- Lack of a Career Development System – Existing employees have few career opportunities in the current system short of taking a new job. The team recommended creating career tracks that allow in-place advancement with appropriate rewards based upon performance. In addition, the very large discrepancies between current DENR salary levels and competing positions should be reduced to competitive levels and basic skills for all positions should be identified and training should be provided.

Key Decisions for Next Governor/Secretary

Two key decisions await the next Secretary. First, the department has made additional funds (\$2.37 million) for employee retention/recruitment as its highest budget priority in the department's 2001-2003 budget request. The next Secretary will need to decide whether to advocate for this request. The second key decision will be whether to continue the implementation of departmental efforts to improve retention/recruitment. Human Resources' overarching strategies to improve recruitment, retention, and motivation of our staff include:

- Increased delegation of decision making to divisions
- Increased training, education, and information to employees to improve human resources practices and procedures
- Increased interventions and consultations for divisions in employee relations, performance management, and training and development
- Implementation of automated systems in Training and Employment to speed processes, reduce paper, and put DENR in better competitive position

Upcoming events/Important Dates

The following are future events related to the specific strategies indicated above:

- Government Operations Legislative Committee approval of DENR's Salary Adjustment List, and subsequent awarding of range revision, SER, and equity increases (November 2000 – April 2001)
- Engineer Career Banding project proposal (December 2000)
- Employee survey (February - March 2001)
- Implementation of organizational competencies (April – June 2001)
- Law Enforcement Banding project (June 2001)
- Full implementation of Applicant Tracking System (June 2002)

Infrastructure/Partnerships Developed to Implement Programs

Human Resources is in partnership with a network of highly trained and motivated Divisional Human Resources Representatives. Each of these representatives handles the full range of human resource activities in his or her division, and also provides feedback to the Division of Human Resources. Human Resources also develops and delivers managerial education and training in conjunction with the Managers' Forum, which is a working group dedicated to the improvement of managerial and supervisory skills.

Key Legislators/Legislative Committees

The State Personnel Commission meets every two months to approve new policies, certain compensation actions, and grievance appeals submitted by the Office of State Personnel. Most of their decisions apply to all departments within state government. The Governmental Operations Legislative Committee approves the statewide salary adjustment allocation which is presently scheduled for November, 2000.

Key Contact People and Phone Numbers

Michael Williamson, Deputy Secretary for Operations, 715-4105

Harlan Frye, Director of Human Resources, 715-4501

Mark Steelman, Personnel Coordinator, Division of Human Resources 715-4513

ORGANIZATIONAL EXCELLENCE

In order to successfully accomplish DENR's mission, the organization must be well managed. Most well managed organizations often possess a singular strategic vision, effective and efficient processes, deliver strong customer service and are supported by proficient, competent, and motivated employees. To build a strong organization, DENR has focused on five key areas to

accomplish our Organizational Excellence goal: Strategic Focus and Alignment, Improved Customer Service, Continuous Improvement of Core Processes, Performance Measurement and Building a Capable Workforce.

Strategic Focus and Alignment

DENR has developed a strategic plan that clearly defines its mission, vision of success, and values to all levels and programs of the organization. Most importantly we have defined our goals and objectives for success. DENR's strategic goals include Clean Water, Clean Air, Stewardship of the Environment, Environmental Awareness and Outreach, and Organizational Excellence. Each goal includes measurable objectives to determine environmental outcomes as well as our operational efficiency and effectiveness. The Strategic Plan was developed to align all of our resources and to create a common definition of success. A number of DENR program divisions are developing complementing strategic plans that link their programmatic efforts to the common goals and objectives established in the DENR Strategy.

Improved Customer Service

DENR is transforming itself into a customer-focused organization. This initiative involves identifying who are customers are, what their major needs and concerns include and designing new processes or improving existing ones to better address those needs. Three principal initiatives are listed below:

- DENR has created a One Stop Permitting Assistance program with pilots in the Wilmington and Mooresville Regional Offices. The system provides a single entry point where businesses and citizens can seek assistance in identifying state and federal environmental requirements related to a proposed project. Regional Permit Coordinators are available to guide applicants through the regulatory process, develop a project plan including integrating permits, and provide a permit decision time frame. The service may be expanded to all DENR Regional Offices based on the results of those pilots and the degree of customer satisfaction achieved.
- The Department has created a Customer Service Center that serves as a single point of contact for all of the Department's programs. It provides general information, technical environmental information, or determines environmental permitting needs for customers. The Center is accessible by a toll free telephone (877-623-6748) or through the Internet.
- The Department has developed a mandatory customer service curriculum that consists of three phases:
 - Introduction to the concepts of customer service
 - Customer service in the field environment
 - Developing and managing a customer service program

The initial customer service training has been presented to 25% of current DENR employees and to all Regional Office personnel. Further, introductory training has been integrated with the New Employee orientation program and is presented to all new employees within 30 days of their employment. The field customer service phase has been presented to approximately 12% of the department staff.

Continuous Improvement of Core Processes

DENR has identified core processes that are critical in meeting the Department's Mission. DENR's five Core Processes are Conservation, Outreach, Regulation, Recreation, and Management Support. Work has been done across the department to improve selected processes in an effort to improve performance, increase customer satisfaction or reduce costs. The Department has chartered 16 Process Improvement Teams to improve cross-functional processes that inhibit effectiveness and efficiency. Our program divisions have also fielded an equal number of teams to deal with internal process improvement needs. Considerable work has been done in the Core Process area of Regulation by focusing on Permitting and Enforcement. These are two areas that have historically received the most criticism. The department created a Permit Improvement Steering Team that has made numerous improvements to the permitting process resulting in increased satisfaction and reduction of complaints. In addition, a DENR team has conducted an enforcement assessment and designed a strategy to increase compliance.

Performance Measurement

A set of measures is necessary to help make decisions, identify programs that have improved or need improvement and to help determine environmental outcomes of our programs. DENR currently collects, analyzes, interprets, and distributes key information from 12 permitting areas. Further, a score card to measure the effectiveness of department and division administrative processes is also in place. The measures are also a key component of management and program reviews conducted by senior management.

Building a Capable Workforce

The Department has made a concerted effort to not only improve recruitment and retention of our workforce but to improve their skills and their working environment. Initiatives in this area include:

- DENR has instituted an annual Employee Satisfaction Survey. The results of the survey (63% were returned in 1999) to measure all aspects of the employee's satisfaction with the departments leadership, processes, training, support, and most importantly the employee's sense of personal and mission accomplishment.
- The DENR recognition program recognizes excellence of individual employees, Teams, and specific offices. The program is designed to provide on the spot recognition as well as recognize contributions to the department's Organizational Excellence Goal at an annual employee appreciation event.
- A cross-divisional Team identified professional staff retention as a key to performing core processes and maintaining continuity of service. It was found that the turnover in engineers conducting environmental permitting was over 70% in some permitting. The department accepted the Team's recommendations and successfully pursued a classification upgrade for engineers and related disciplines. Funds were identified and applied to provide initial equity compensation adjustments. The department has elevated pay equity adjustments as a principal priority of the FY 2001-2002 budget submission.

Key Contact People and Phone Numbers

Chris Russo, Director, Quality Management, 715-4169

PERMIT IMPROVEMENT

The Department of Environment and Natural Resources (DENR) has identified five core processes that are essential to its mission. One of the most important and also the most criticized is the process of issuing permits. DENR leadership determined that it was essential to improve this process and to make it more customer-friendly. DENR began to study the feasibility and benefits of improved permitting processes in 1995 and a succession of teams have studied the permit reform issue and made recommendations. The Permit Reform Implementation Team (PRIT) was the most comprehensive and it issued a final report in November 1999. Based on this report, DENR senior management developed an aggressive initiative to improve permitting processes and created a steering committee of senior division managers to monitor and shepherd the improvement efforts.

A permit improvement strategy has been developed to accomplish the following goals:

- Create the most efficient and effective permitting processes that protect the environment, natural resources and public health.
- Make permitting and environmental information available to staff, stakeholders and customers.
- Make optimal use of people, time and money.
- Use measurement to drive improvement in performance.

Key Permit Reform Initiatives

1. **Create a One Stop Permitting System:** The department is piloting a one-stop permit application coordination and tracking system in two Regional Offices (Wilmington and Mooresville). The goal is to provide a single entry point where businesses and citizens can seek assistance in identifying state and federal environmental requirements that may apply to a proposed project. In addition, the system provides a DENR staff person who is like a “personal banker.” This person is intended to help customers navigate through the often complex permit process, especially applicants who need multiple permits. A detailed marketing plan has been developed to advise business and citizens of the available services. A progress report on the pilots is due to the General Assembly in April, 2001. The results from the pilot will be used to determine if the program should be expanded to other locations and what additional resources would be required.
2. **Create Efficient and Effective Permitting Processes:** The permit reform initiative has also worked to reduce the confusion about the regulatory processes while increasing accessibility to needed services. Accomplishments include:
 - Created flowcharts and fact sheets that provide detailed information about 13 permit processes.
 - Identified 10 areas of duplication and overlay in permitting responsibilities. Chartered two teams (On-site Wastewater and Composting) that are working to minimize or eliminate duplication.
 - Used the Permit Improvement Steering Team to tackle the poor quality of permit applications that are submitted to the department. In some cases, more than 30% of the applications require additional information or are returned due to errors.

3. **Measure Permitting Performance:** In an effort to measure permit performance and provide feedback to permitting programs so that they can improve their operations, DENR has established a pilot system to collect, analyze and interpret data from 11 key permitting processes. Additional permits are planned to be added early next year.
4. **Improve Permit Information Technology:** Our goal has been to provide timely, accurate and comprehensive permit information to the citizens and businesses of North Carolina as well as our staff. To accomplish this, DENR has done the following:
 - Created an integrated web page that provides user-friendly access to information about environmental and natural resource programs.
 - Developed an application tracking system that is designed to track the processing of all environmental permit applications from the date of receipt to a permit decision.
 - Established a cross-departmental team to develop a common address or facility identifier for virtually all locations permitted by the department.

Key Decisions for the Next Secretary

The next Secretary will need to decide whether to continue the entire permit reform initiative, including the continued role of the Permit Improvement Steering Team. Specific decisions will involve the following:

- Whether to recommend continuation and expansion of the One Stop Permitting efforts in the Regional Offices.
- How to fund the ongoing information technology initiatives related to permit reform.
- How to expand and refine the permit performance measures which have been put in place.
- How to integrate the multiple data bases existing in the department into an integrated environmental information system. The department has requested a significant amount of new funding for this system. Critical decisions about the design and development of an integrated data system must be made in 2001.

Upcoming Events/Important Dates

A report on the one-stop permit coordination pilot is required to be made to the Co-chairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources by April 1, 2001.

Key Legislators and Legislative Committees

House and Senate Appropriations Committee on Natural and Economic Resources

Key Constituent Groups

North Carolina Citizens for Business and Industry, Conservation Council of North Carolina, North Carolina League of Municipalities, Manufacturers Chemical Industry Council, North Carolina Environmental Health Supervisors Association, Professional Engineers of North Carolina

Key Contact People and Phone Numbers

Dan Bius, Permit Reform Coordinator, 733-0962

Edythe McKinney, Director, DENR Customer Service Center, 733-0823

Michael Williamson, Deputy Secretary for Operations, 715-4105

OTHER KEY LEGISLATIVE ITEMS

RULES PROCESS

The Secretary's Office as well as the Commissions should modify their existing procedures for making final agency decisions to accommodate the changes made to the contested case provisions of the Administrative Procedures Act (APA) in the 2000 session. If the changes are to be through rules, then temporary rules need to be adopted and filed with the Codifier of Rules within 6 months of the effective date of the bill changing the APA. Since the procedures will be uniformly applied to people outside of government, it is recommended that they be included in rules. Changes are appropriate due to the shortened deadline for action and the specificity of the reasons for altering the Administrative Law Judges' (ALJ's) recommendation. Thus, the temporary rules should include short deadlines for filing exceptions to recommended decisions, filing of memoranda in support, and oral arguments. In addition, the changes should describe the necessary content of proposals for altering the recommended decisions. The Attorney General's Office was asked to draft proposed rules in September.

Key Legislators/Legislative Committees

Rules Review Committee

Key Constituent Groups

Environmental Groups tend to support a streamlining of the Rules Process while business interest usually support the current process for promulgating rules

Key Contact People and Phone Numbers

Dan McLawhorn – General Counsel 919-715-4146

DIVISION OF COASTAL MANAGEMENT HEADQUARTER RELOCATION STUDY

The purpose of the study is to determine the best organizational structure for the Division of Coastal Management (DCM) and determine if relocating staff and functions from Raleigh to one or more of the 20 coastal counties in North Carolina is feasible. Feasible is defined as reasonable, suitable, practicable, viable and workable. DENR is required to carry out the study pursuant to a special provision in the 2000 Appropriations Act (HB 1840). The Office of State Budget, Planning and Management (OSBPM) is conducting the study. OSBPM will report to DCM and DENR on or about October 31. If the study concludes that it is feasible to relocate the Raleigh office of DCM, then DENR is to prepare a draft relocation plan. DENR is to report its finding and recommendations to the NER Joint Appropriations Committee by Jan. 15, 2001.

Key Legislators/Legislative Committees

House and Senate Appropriation Subcommittees for Natural and Economic Resources support the special provision that initiated the study

Rep Bill Owens is a strong supporter of the study

Key Contact People and Phone Numbers

Robin Smith 919-715-4141

Donna Moffitt 919-733-2393

FLOOD HAZARD PREVENTION ACT OF 2000

S.L. 2000-150 ([SB 1341](#)) rewrites all of Part 6 (Floodway Regulation) of Article 21 of Chapter 143 of the General Statutes. This act changes the title of Part 6 to Floodplain Regulation, rewrites the purpose of the Part, and extensively amends the definitions of terms. It authorizes local governments to adopt flood hazard prevention ordinances to regulate uses in flood hazard areas. A local government that adopts a flood hazard prevention ordinance by July 1, 2001 will be given a higher priority to receive loans and grants from the Clean Water Revolving Loan and Grant Fund. This act also prohibits new solid waste disposal facilities, hazardous waste management facilities, salvage yards, and chemical storage facilities in the 100-year floodplain except as authorized under a flood hazard prevention ordinance. Administration of the floodplain regulation program is transferred from the Department of Environment and Natural Resources (DENR) to the Department of Crime Control and Public Safety.

Key Legislators/Legislative Committees

Rep. Pryor Gibson, Sen. Odom – Co Chairs Environmental Review Commission

Key Constituent Groups

League of Municipalities - Andy Romanet – 919-715-4100

Association of County Commissioners – Ed Reagan – 919-715-2893

Key Contact People and Phone Numbers

Robin Smith – 919-715-4141

SALTWATER FISHING LICENSE

HB 1434 introduced by Rep. Redwine established a program of coastal recreational fishing and would make it unlawful for any person to engage in recreational fishing in coastal fishing water by means of recreational gear without holding a Coastal Recreational Fishing License (CRFL). The bill also established the Sealife Enhancement Fund the DENR to hold proceeds from the sale of CRFLs. The bill passed the House and was left pending in the Senate Agriculture, Environment, and Natural Resources Committee.

Key Legislators/Legislative Committees

Sen. Basnight – Has not supported Saltwater Fishing License due to the lack of a cost efficient permitting process.

Key Constituent Groups

Coastal Conservation Association support this initiative Ann Duncan, Sandy Sands (919-755-2100) are contact for the Association.

Fisheries Association of North Carolina (Commercial Fishermen) opposed the legislation Jerry Schill is contact for association 252-633-2288.

Key Contact People and Phone Numbers

Sherri Evans-Stanton 919-715-4103

PERMIT/USE FEES

There is an increased demand on DENR programs with regard to environmental enforcement and at the same the robust economy has led to increased numbers of permit applications for water lines, sewers, sedimentation and erosion permits. Many DENR permit programs have not had fee increases in years and in order to provide timely service both in enforcement and permitting the department needs to consider fee increase in several areas (Sedimentation and Erosion Control, Stormwater, Discharge permits, etc.)

Another initiative that has been discussed is a tipping fee to increase incentives for waste reduction. A statewide tipping fee would provide an incentive for individuals as well as government to reduce waste and bring the state back in line with its waste reduction goals.

There is at least a twelve billion dollar infrastructure need across the State. There is no dedicated source of funding to meet the State's water and sewer needs. The Clean Water Bonds passed in 1998 provided approx. \$800,000,000 for water and sewer across the state and provided a structure for the distribution of funds to those water and sewer entities with the most critical needs. The last of the Clean Water Bond grant funds will be allocated in the summer of 2001. With several hundred applications submitted and awaiting funding, now is the time to establish a permanent source of funding for the State's infrastructure needs, i.e. water use fee. With little impact on the water user, millions of dollars in revenue can be generated to help critical system needs. Such a fee would also promote conservation of this precious natural resource.

Key Legislators/Legislative Committees

Environmental Review Commission – Co-Chairs Sen. Odom & Rep. Gibson
Sen. Kerr and Rep Owens have both shown interest in a dedicated source of funds for Infrastructure in the state.

Key Constituent Groups

League of Municipalities and County Commissioners need to be involved with the development of any increase fee or incentive.

Environmental interest groups as well as industry also need to be brought in during the development of fees and incentives.

Key Contact People and Phone Numbers

Bill Holman – Secretary - 919-715-4102

Sherril Evans Stanton – Deputy Secretary, Policy and Programs - 919-715-4103

Richard Rogers – Director, Legislative Affairs - 919-715-4152