

EXHIBIT C

TCEQ Federal Funding:

U.S. Environmental Protection Agency Grant Awards

and

Legislative Budget Board Fiscal Size-Up

2012-2013 Biennium, excerpt



U.S. ENVIRONMENTAL PROTECTION AGENCY

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Project Title: FY12-13 Performance Partnership Grant (PPG)

▼ Grant Information

Grant ID Number:	BG - 99662712-4		
EPA Region:	EPA R6	AAShip:	R06 - Region 6
Division/Office:		Lab/Office:	
CFDA:	66.605	Media:	Multi-Media
Grant Program:			
Authority:			
Recipient Name:	Texas Commission on Environmental Quality		
City:		Recipient Type:	State
State:	TX	Cong District:	90
		DUNS:	808805154
Competition Status:			
Award Date:	01/29/2013	Cum Award:	\$55,714,944
Project Start:	09/01/2011	Project End:	08/31/2013

▼ Project Title & Description

FY12-13 Performance Partnership Grant (PPG)

To assist TCEQ in administering the State's base water quality program that aims to prevent, reduce, and eliminate water pollution through standard-setting, monitoring, permitting and enforcement activities and to assist in administering the State's environmental management programs which monitors, abates, and controls hazardous, solid waste, air pollution and pesticides.

▼ Contact Information

Role	Name	Phone
Project Officer	Georgia Okstel	214-665-6699
Grant Specialist	Jeraldine Englerth	214-665-7402

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Project Title: FY12 Superfund Block

▼ Grant Information

Grant ID Number:	V - 96666102-4		
EPA Region:	EPA R6	AAShip:	R06 - Region 6
Division/Office:	Superfund Division (6SF)	Lab/Office:	
CFDA:	66.802	Media:	Superfund
Grant Program:			
Authority:			
Recipient Name:	Texas Commission on Environmental Quality		
City:		Recipient Type:	State
State:	TX	Cong District:	90
		DUNS:	808805154

Competition Status:

Award Date:	08/31/2012	Cum Award:	\$474,750
Project Start:	09/01/2011	Project End:	08/31/2014

▼ Project Title & Description

FY12 Superfund Block

This partial award is to fund TCEQ an amount of \$144,750 (120,000 in Pipeline and 24,750 in special account funds) for management assistance activities pertaining to the workplan currently in force.

There are no special account funds for use in Alcoa/Lavaca Bay, Brine Services, and Star lake. TCEQ is to use Pipeline funding on those Sites.

This award is the last award for FY12. This amendment will also extend the current project and budget period to 8/31/2014.

Management Assistance activities are those activities conducted by the recipient to ensure its meaningful and substantial involvement. These activities include RI field activities with oversight, reviewing and commenting on technical reports, attending technical and public meetings, and ensuring that remedial activities are completed in accordance with ARARS. Activities are listed as remedial investigations (RI) feasibility studies (FS) human health and ecological risk assessments (HERA), records of decision (ROD), remedial design (RD), five year reviews, and NPL deletion.

All of these activities are activities that are to remediate hazardous waste sites and restore land for safe and productive use, as is stated in the EPA Strategic Plan objective 3.2.2.

▼ Contact Information

Role	Name	Phone
Project Officer	Kathy Gibson	214-665-7196
Grant Specialist	Jeraldine Englerth	214-665-7402

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Project Title: FY 2012-13 Categorical Section 106 WPC

▼ Grant Information

Grant ID Number: I - 98665306-2

EPA Region: EPA R6 AAShip: R06 - Region 6

Division/Office: Water Quality Protection Division (6WQ) Lab/Office:

CFDA: 66.419 Media: Water

Grant Program:

Authority:

Recipient Name: **Texas Commission on Environmental Quality**

City: Recipient Type: State

State: TX Cong District: 90

DUNS: 808805154

Competition Status:

Award Date: 08/21/2012 Cum Award: \$4,276,609

Project Start: 09/01/2011 Project End: 08/31/2013

▼ Project Title & Description

FY 2012-13 Categorical Section 106 WPC

Funds in the cooperative agreement support the Texas Commission on Environmental Quality's (TCEQ) programs such as Total Maximum Daily Load, Water Quality Monitoring, Water Quality Standards Development & Implementation, Ground Water Monitoring, and Stormwater Technologies. It assists the agency in establishing and maintaining adequate measures for prevention and control of surface and ground water pollution. TCEQ also receives water program funds in a performance partnership grant.

▼ Contact Information

Role	Name	Phone
Project Officer	Teresita Mendiola	214-665-7144
Grant Specialist	Jeraldine Englerth	214-665-7402

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**LEGISLATIVE BUDGET BOARD
FISCAL SIZE-UP**

2012–13 BIENNIUM

**SUBMITTED TO THE 82ND TEXAS LEGISLATURE
JANUARY 2012**

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

COVER PHOTO COURTESY OF HOUSE PHOTOGRAPHY

FISCAL SIZE-UP: 2012–13 BIENNIUM

January 2012

Fiscal Size-up is a report produced biennially by the staff of the Legislative Budget Board. Production of this report involves thousands of staff hours. The 2012–13 edition, like previous editions, contains a wealth of information about the structure and operation of Texas state government. Through its comprehensive descriptions of state programs and services, including more than 360 figures, the 2012–13 *Fiscal Size-up* provides Texas taxpayers with a more complete understanding of how their tax dollars are being used.

The first three chapters of *Fiscal Size-up* include an overview of the 2012–13 state budget (including a summary of the fiscal challenge the Eighty-second Legislature addressed), a description of the major state revenue sources and funds, the economic outlook for Texas and the U.S., and detailed information on population, income, taxes, governmental expenditures, and employment for Texas and other states. The remaining chapters of *Fiscal Size-up* provide an in-depth examination of the major functions of state government and discuss the significant budget issues, programs, and activities of the agencies and institutions that support each function.

Appendices A–C contain a listing of state agencies, institutions, and other budgetary units by function as well as a summary of their estimated expenditures for the 2010–11 biennium and legislative appropriations for the 2012–13 biennium (in both annual and biennial amounts). Appendices D–G list the members of the House Committee on Appropriations, the Senate Committee on Finance, the staff of the Legislative Budget Board, and abbreviations and acronyms used in the 2012–13 *Fiscal Size-up*.

Along with other Legislative Budget Board publications and reports, the 2012–13 *Fiscal Size-up* is available on the Legislative Budget Board's website (<http://www.lbb.state.tx.us>).

I want to express my gratitude to the staff of the Legislative Budget Board and to the many state agency officials and staff who provided the information necessary to compile this report. The interpretation and presentation of this information is solely the responsibility of the Legislative Budget Board staff.

This publication is dedicated to the memory of Val Shepperd, a Legislative Budget Board colleague.

John O'Brien
Director

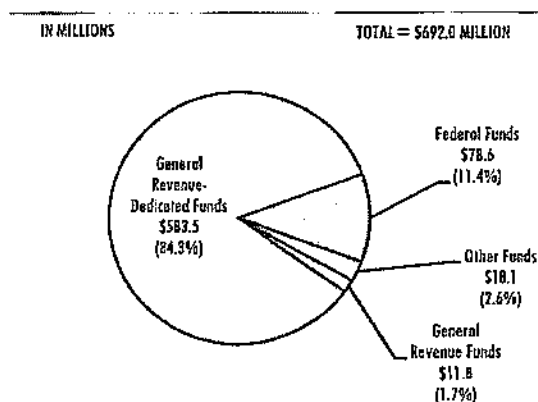
COMMISSION ON ENVIRONMENTAL QUALITY

The Texas Commission on Environmental Quality (TCEQ) was established on September 1, 1993, by consolidating the Texas Air Control Board and the Texas Water Commission pursuant to legislation enacted in 1991. TCEQ's three full-time commissioners are appointed by the Governor for six-year staggered terms. The Governor designates one member as the chair of the commission, and the commission employs an executive director to manage the agency.

TCEQ's mission is to protect the state's human and natural resources in a manner consistent with sustainable economic development and with the goals of clean air, clean water, and safe management of waste.

TCEQ's appropriations total \$692 million in All Funds for the 2012–13 biennium, or a decrease of \$260.1 million (27.3 percent), as compared to 2010–11 biennial spending levels, including \$22.2 million in appropriations that are contingent upon revenue collections in excess of the Comptroller's *2012–13 Biennial Revenue Estimate*. These appropriations provide for 2,761.2 full-time-equivalent (FTE) positions, and they include \$595.3 million in General Revenue Funds and General Revenue–Dedicated Funds (86 percent of All Funds). As Figure 296 shows, the majority of the funding is General Revenue–Dedicated Funds, which are primarily generated from fees.

FIGURE 296
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SOURCES OF FUNDING, 2012–13 BIENNIUM



Source: Legislative Budget Board.

TCEQ's appropriations are allocated among several goals:

- Assessment, Planning, and Permitting;
- Drinking Water and Water Utilities;
- Enforcement and Compliance Support;
- Pollution Cleanup;
- River Compact Commissions; and
- Indirect Administration.

ASSESSMENT, PLANNING, AND PERMITTING

One of the agency's functions is to protect public health and the environment by accurately assessing environmental conditions and preventing or minimizing the level of contaminants released into the environment. This is accomplished by regulating activities and issuing permits to facilities with the potential to contribute to pollution levels and to individuals performing pollution management-related work. TCEQ is appropriated \$376.4 million, or 54 percent of total agency All Funds appropriations, for the 2012–13 biennium for this purpose. This represents a decrease of \$198.2 million, or 34.5 percent, as compared to 2010–11 biennial spending levels. Approximately 42 percent of the agency's workforce, 1,164.5 FTE positions, is engaged in related activities.

ASSESSMENT AND PLANNING

To reduce toxic releases in the state, TCEQ established an assessment and planning function to guide the state's regulatory framework. The agency performs assessment and planning in its three main areas: air, water, and waste. The three assessment and planning functions account for \$290.7 million, or 42 percent, of the agency's All Funds appropriations.

AIR QUALITY ASSESSMENT AND PLANNING

TCEQ assesses the effect of air emissions and develops solutions for regional air quality problems. The agency established an extensive statewide monitoring network that includes between 215 and 229 air monitoring sites depending on the time of year and other factors. Many of these monitoring sites have multiple sampling instruments. The Texas network has approximately 1,200 individual samplers, half of which are predominantly controlled by TCEQ. Like the number of sites, the number of sampling instruments changes occasionally as interest in different parameters fluctuates. These stations contain specialized instrumentation

that continuously measures air pollutant levels and meteorological conditions. The data from these stations are transmitted to the agency's headquarters in Austin and displayed in real time on the agency's website. Periodically, TCEQ uses air-sampling aircraft to gather upper air data to supplement the data gathered by the ground-based monitoring network.

The agency updates an inventory of all emissions, including point, area, and mobile air pollution sources for submittal to the U.S. Environmental Protection Agency (EPA) every third calendar year. In addition, the point source inventory is updated every year and submitted to the EPA. These inventories assist in development of the State Implementation Plan for each area in the state designated by EPA as nonattainment for National Ambient Air Quality Standards (NAAQS). To bring such areas into compliance with federal standards, the agency develops control strategies such as vehicle emissions and inspection testing, point source emissions limitations including emissions cap and trade programs, and heavy-duty vehicle engine-idling restrictions. TCEQ uses computer models to test the effectiveness of various pollution-control strategies when determining what control measures would be effective and appropriate for an area. Once the control measures are implemented, progress in air quality is measured by reduced levels of air pollution at the monitors.

The Dallas-Fort Worth and the Houston-Galveston-Brazoria areas are currently designated nonattainment for the 1997 eight-hour ozone standard. The Beaumont-Port Arthur (BPA) area has been re-designated by the EPA to attainment. On October 20, 2010, the EPA published a final rule in the Federal Register (75 FR 64675), effective November 19, 2010, approving the re-designation request and maintenance

plan for the 1997 eight-hour ozone standard and finalized a determination that the BPA area is in attainment of the revoked one-hour ozone standard. The EPA's determination to re-designate signifies that the BPA area has met all of the applicable Federal Clean Air Act requirements for the purpose of re-designation to attainment.

TCEQ is continuing planning efforts to address compliance with the 1997 eight-hour ozone standard as well as the 2008 eight-hour ozone standard in the Austin, Beaumont-Port Arthur, Corpus Christi, Dallas-Fort Worth, El Paso, Houston-Galveston-Brazoria, Longview-Tyler, San Antonio, Victoria, and Waco areas.

Figure 297 shows the air quality as measured in nonattainment and near-nonattainment areas during calendar years 2001 to 2010, reflecting a steady decrease in the frequency of the ozone standard being exceeded over the period. Since the 2007 to 2009 period, only the Dallas-Fort Worth Area has been slightly exceeding the eight-hour ozone standard of 85 parts per billion, while the Houston-Galveston-Brazoria area has been slightly below the standard.

The agency also assists the Texas Department of Public Safety in implementing the Vehicle Emissions Inspection and Maintenance Program (VEIMP). These inspections are required under the federal Clean Air Act because of the severity of each city's nonattainment status level. In addition, any area can participate in the VEIMP voluntarily. The VEIMP currently is implemented in 17 counties: Brazoria, Collin, Dallas, Denton, El Paso, Ellis, Fort Bend, Harris, Galveston, Johnson, Kaufman, Montgomery, Parker, Rockwall, Tarrant, Travis, and Williamson.

TCEQ also operates a Low-income Vehicle Repair, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP),

FIGURE 297
EIGHT-HOUR OZONE DESIGN VALUE (PARTS PER BILLION)*

REGION	2001-03	2002-04	2003-05	2004-06	2005-07	2006-08	2007-09	2008-10
Dallas-Fort Worth	100	98	95	96	95	91	86	86
Houston-Galveston	102	101	103	103	96	91	84	84
Beaumont-Port Arthur	91	92	88	85	83	81	77	74
San Antonio	89	91	86	87	82	78	74	75
El Paso	79	78	76	78	79	78	75	71
Austin	84	85	82	82	80	77	76	74
Corpus Christi	80	80	75	72	70	71	69	71

*Based on data from regulatory monitors only.

Note: A design value of 85 parts per billion or higher, which is based on the three-year average of the annual fourth highest daily maximum eight-hour ozone average, exceeds the 1997 ozone standard (bold).

Source: Texas Commission on Environmental Quality.

which targets nonattainment status areas and near-nonattainment areas. The agency's appropriations in the Air Quality Assessment and Planning Strategy include \$12.5 million for the LIRAP in the 2012–13 biennium. Of the LIRAP funding, \$11.3 million is for incentive payments to eligible persons in participating counties for payments for replacing and/or repairing older, more polluting vehicles. The remaining \$1.3 million is available for various county initiative programs aimed at reducing vehicle emissions. All of the VEIMP counties participate in the LIRAP except for El Paso.

The agency, through the Texas Emissions Reduction Plan (TERP) established by the Seventy-seventh Legislature, 2001, implements a grant program targeting nonattainment and near-nonattainment status areas to promote reduced emissions from on-road heavy-duty vehicles, non-road heavy-duty equipment, locomotives, marine vessels and stationary engines. TCEQ is appropriated \$130.3 million, of which \$16 million is contingent upon revenue to the General Revenue–Dedicated TERP Account exceeding the Comptroller's *2012–13 Biennial Revenue Estimate*, for TERP-related expenditures. This amount includes up to \$14 million for a new regional air monitoring program and \$114 million for diesel emissions reductions grants, of which \$5.6 million is for implementing the Clean Fleet Program.

The Eighty-second Legislature, Regular Session, 2011, authorized specific appropriations for air quality-related activities, including \$3.5 million for the 2012–13 biennium for grants for local air quality planning activities to reduce ozone levels. Areas eligible for the funding may include Austin, Beaumont, Corpus Christi, El Paso, Longview–Tyler–Marshall, San Antonio, Victoria, and Waco. In addition, \$0.8 million is appropriated for research to obtain the data and information to refine and enhance any model used to demonstrate attainment with NAAQS and to assess air quality associated with other pollutants under the Federal Clean Air Act.

Appropriations for air quality assessment and planning total \$217.9 million for the 2012–13 biennium and provide for 324.6 FTE positions. This represents a decrease of \$170.1 million, or 43.8 percent, as compared to 2010–11 biennial spending levels.

WATER QUALITY PLANNING AND ASSESSMENT

TCEQ protects the state's water quality by monitoring and evaluating water quality in lakes, streams, and groundwater and by establishing water quality standards to protect aquatic

life, human health, drinking water, and recreation. TCEQ develops and coordinates water quality improvement strategies with other state agencies and local stakeholders.

TCEQ has developed the capability of continuously monitoring water quality and reporting its findings at several locations. As of fiscal year 2012, the agency has 68 water monitoring sites and plans to add more sites as resources allow during the 2012–13 biennium. As with the air data sites, data from the water-monitoring sites is continuously transmitted to the agency's headquarters and is displayed in real time on the agency's website. TCEQ expects to complete 156 surface water assessments and 108 groundwater assessments during the 2012–13 biennium.

TCEQ is also responsible for developing plans to restore polluted bodies of water to acceptable water quality standards by developing total maximum daily loads (TMDL). TMDLs establish the maximum level of a pollutant that a body of water can assimilate and still meet water quality standards. The Soil and Water Conservation Board and other state agencies (e.g., the Texas Parks and Wildlife Department and institutions of higher education) assist TCEQ in TMDL development. TCEQ is responsible for overall TMDL development; the Soil and Water Conservation Board's responsibilities focus on TMDLs specifically affected by agricultural and silvicultural practices.

Other water assessment and planning programs include the Texas Clean Rivers Program, the EPA Nonpoint Source Pollution Grants Program, the Galveston Bay National Estuary Program, and the Dam Safety Program, which received \$2.5 million in General Revenue funding for the 2012–13 biennium. Appropriations for water assessment total \$57.2 million for the 2012–13 biennium and provide for 202.5 FTE positions. This represents a decrease of \$11.0 million, or 16.2 percent, as compared to 2010–11 biennial spending levels.

WASTE PLANNING AND ASSESSMENT

The TCEQ monitors the generation, treatment, and storage of solid waste; tracks the capacity of waste disposal facilities; and provides technical assistance to municipal solid waste planning regions for the development and implementation of waste reduction plans. The Waste Permits Division collects and analyzes facility capacity data, provides technical assistance to the regulated community, and provides financial assistance to local and regional solid waste projects through the twenty-four Councils of Government (COGS). Each of the COGS maintains a Regional Solid Waste Management Plan and a local solid waste management plan. Each biennium, the COGS prepare a Regional Funding Plan to identify funding priorities in their regions and their solid waste management needs. The Permitting and Registration Support Division registers generators, receivers, transporters, and transfer facilities of industrial and hazardous waste. In addition, medical waste on-site treaters are registered. Appropriations for waste planning and assessment total \$15.6 million for the 2012–13 biennium and provide for 26.8 FTE positions. This represents a decrease of \$12 million, or 43.4 percent, as compared to 2010–11 biennial spending levels.

PERMITTING FUNCTIONS

TCEQ regulates discharges to air and water and the disposal of solid and hazardous waste. In addition to planning and conducting assessments to reduce toxic releases, several divisions handle permitting duties, including air, water, and waste permitting, as well as occupational licensing. The four permitting functions combined account for \$79.8 million in All Funds appropriations, or 11.5 percent of the agency's budget.

AIR QUALITY PERMITTING

The Air Permitting Division is charged with issuing permits to facilities that release pollutants into the air. TCEQ regulates air quality through the federally designated Operating Permit Program and the state's New Source Review Permitting Program.

The Operating Permit Program ensures that facilities comply with Title V of the federal Clean Air Act amendments of 1990. Title V requires all major sites to apply for an operating permit that codifies and consolidates all applicable regulations at that site into one permit. TCEQ expects to issue approximately 1,600 permits in the 2012–13 biennium under this program, approximately the same amount as the

2010–11 biennium. The New Source Review Program ensures that new or expanding air-pollution-emitting facilities use best achievable control technology to control and reduce emissions and that emissions do not have adverse health effects on surrounding areas. TCEQ expects to review 11,200 permits, amendments, renewals, and standard exemptions during the 2012–13 biennium, or approximately the same as the 2010–11 biennium.

Appropriations for air quality permitting total \$28.2 million in All Funds for the 2012–13 biennium and provide for 220.6 FTE positions. This represents a decrease of \$1 million, or 3.4 percent, as compared to 2010–11 biennial spending levels.

WATER PERMITTING

The Water Quality Division reviews permits and other authorizations relating to the quality and uses of the state's water. TCEQ ensures that streams, lakes, bays, and estuaries meet federal and state water quality standards by issuing permits regulating wastewater and storm-water discharges. The agency anticipates reviewing more than 24,550 water quality permits during the 2012–13 biennium, or 5,751 more than during the 2010–11 biennium. The increase is attributed to a fluctuation in the anticipated renewal of industrial, construction, and municipal stormwater permits, which are renewed every five years.

The Water Availability Division processes permits to divert, use, or store surface water or to transfer surface water between basins. TCEQ anticipates reviewing 1,190 water rights permits during the 2012–13 biennium, or approximately 227 fewer than the 2010–11 biennium. The decrease is a result of widespread drought conditions across the state, which the agency expects to result in fewer temporary permit applications in 2012–13.

Through water resources permitting efforts, the agency oversees the Rio Grande, South Texas, and Concho River Watermaster programs. These programs are concerned specifically with the allocation and use of surface water within each respective river basin. Watermasters ensure compliance with water rights in their designated service areas, which is especially necessary during times of drought conditions and diminished stream flows.

Appropriations for water permitting total \$28.4 million for the 2012–13 biennium and provide for 210.1 FTE positions. This represents a decrease of \$0.8 million, or 2.7 percent, as compared to 2010–11 biennial spending levels.

WASTE PERMITTING

TCEQ regulates all industries engaged in the generation, treatment, storage, and disposal of hazardous, industrial, and municipal waste. The issuance of permits provides a mechanism for ensuring that waste management protects human health and the environment. During the 2012–13 biennium, TCEQ expects to review 320 hazardous waste permit applications, or approximately the same level as during the prior biennium. The agency also expects to review 472 nonhazardous waste permit applications, or approximately the same level as during the prior biennium. Appropriations for Waste Permitting total \$20.7 million for the 2012–13 biennium and provide for 130.5 FTE positions. This represents a decrease of \$0.5 million, or 2.2 percent, as compared to 2010–11 biennial spending levels.

OCCUPATIONAL LICENSING

The Permitting and Registration Support Division conducts occupational licensing programs for: backflow prevention assembly testers; customer service inspectors; landscape irrigators; irrigation technicians and irrigation inspectors; leaking petroleum storage tank corrective action specialists and project managers; municipal solid waste facility supervisors; on-site sewage facility installers; designated representatives, apprentices, maintenance providers, maintenance technicians, and site evaluators; public water system operators and operations companies; wastewater operators and operations companies; water treatment specialists; underground storage tank contractors and on-site supervisors; and visible emissions evaluator training providers. The division develops and holds training sessions, develops and administers proficiency examinations, approves basic and continuing education credits, issues occupational licenses, and monitors approximately 55,000 licenses. Appropriations for occupational licensing total \$2.5 million for the 2012–13 biennium and provide for 22 FTE positions. This represents a decrease of \$2.1 million, or 45.9 percent, as compared to 2010–11 biennial spending levels.

RADIOACTIVE MATERIALS MANAGEMENT

The Radioactive Materials Management Program and Underground Injection Control (UIC) Program accomplish their objectives through the licensing/permitting and regulatory oversight of in situ uranium recovery, radioactive waste processing and storage, low-level radioactive waste disposal, by-product material disposal, disposal of naturally occurring radioactive waste materials that are not related to oil and gas production, and UIC wells.

The major activities performed under the Radioactive Materials Program are regulation, compliance and enforcement, and radioactive material licensing of facilities involved in the storing, processing, and/or disposing of one or more of the following:

- uranium ore (including mining, extraction, and separation of ore);
- by-product material waste;
- low-level radioactive waste;
- non-oil and gas naturally occurring radioactive material; and
- radioactive waste generated from federal government activities.

Additionally, the Radioactive Materials Management Program is responsible for oversight of the reclamation of historic radioactive materials, burial sites and other sites contaminated with radioactive material, including former uranium recovery sites.

The objective of the UIC Program is to protect underground sources of drinking water (USDW) through permitting of underground injection of fluids. Regulation of wells used for underground injection must maintain the quality of fresh water to the extent consistent with public health and welfare and the operation of existing industries. The UIC Team is responsible for permitting of Class I, III, and V injection wells. Through permit issuance, the UIC Team regulates site location, construction, operation, maintenance, monitoring, and closure of the following classes of injection wells:

- Class I wells inject hazardous and non-hazardous wastewater below all USDWs;
- Class III wells inject fluids for recovery of minerals (e.g., uranium, sulfur, and sodium sulfate); and
- Class V (miscellaneous) wells are mostly shallow wells primarily used in cleaning up groundwater contamination.

On September 10, 2009, TCEQ issued a license to Waste Control Specialists, LLC (WCS), a private waste management company for the operation of a low-level radioactive waste disposal facility. There are two components to the low-level radioactive waste facility, namely the Compact Waste Disposal Facility (CWF) and the Federal Waste Disposal Facility (FWF). The CWF will accept commercial low-level radioactive waste from the Texas Compact (currently Texas

and Vermont), which is overseen by the Low-Level Radioactive Waste Disposal Compact Commission (LLRWDC). The FWF will accept low-level radioactive waste that is the responsibility of the federal government, upon successful selection under a disposal contract, and is required to be transferred to the U.S. Department of Energy upon decommissioning. (See Significant Legislation, Senate Bill 1605, and section in Chapter 9 on the Low-Level Radioactive Waste Disposal Compact Commission.) **Figure 298** provides a breakdown of the types of waste to be accepted at the CWF and the FWF.

Under Texas statute, Texas owns the land and the CWF facilities and WCS serves as the operator of the site. On January 7, 2011, the land transfer of the CWF and lease back agreement for construction and operations to WCS were signed. The issuance of the commencement of construction authorization from the TCEQ Executive Director was also signed on January 7, 2011. WCS reported the start to construction of the LLRW facility on January 10, 2011. The TCEQ Executive Director must provide approval for disposal operations at the CWF to begin. The facility operator, WCS, is planning to begin CWF operations for Texas Compact waste in early calendar year 2012.

The agency is appropriated \$5.9 million in All Funds for radioactive waste management activities during the 2012–13 biennium, which provides for 27.4 FTE positions. This represents a decrease of \$0.8 million, or 12 percent, as compared to 2010–11 biennial spending levels. During the 2010–11 biennium, appropriations for operating costs of the LLRWDC of \$100,000 per fiscal year, were made through

TCEQ. However, in 2012–13, LLRWDC is appropriated operating funds directly.

DRINKING WATER AND WATER UTILITIES

The agency protects public health and the environment by assuring the delivery of safe drinking water, by providing regulation and oversight of water and sewer utilities, and by promoting regional water strategies. The agency's appropriations total \$28.8 million in All Funds for the 2012–13 biennium, or 4.2 percent of agency appropriations for this purpose. This represents a decrease of \$2.1 million, or 7.1 percent, as compared to 2010–11 biennial spending levels. Approximately 4 percent of the agency's workforce, 119.5 FTE positions, is engaged in activities related to these efforts.

SAFE DRINKING WATER

The Safe Drinking Water Program ensures that public drinking water is safe. By definition, a public drinking water system serves at least 15 connections or at least 25 persons for a minimum of 60 days per year. Approximately 6,800 public water systems serve over 25 million Texas residents. During the 2012–13 biennium, TCEQ expects to collect and analyze more than 79,400 water samples to monitor the safety and integrity of the state's public drinking water supply. Appropriations for the Safe Drinking Water Program total \$21.2 million for the 2012–13 biennium. This represents a decrease of \$1.6 million, or 6.7 percent, as compared to 2010–11 biennial spending levels.

**FIGURE 298
COMPACT AND FEDERAL LOW-LEVEL RADIOACTIVE WASTE**

COMPACT/COMMERCIAL WASTE	FEDERAL WASTE
<p>Utility Sources</p> <ul style="list-style-type: none"> • Nuclear power plants—operational waste and plant decommissioning waste 	<p>Operational</p> <ul style="list-style-type: none"> • Federal facility waste generated by operations of the U.S. Department of Energy (DOE) at production facilities, research labs, and weapons facilities
<p>Non-Utility Sources</p> <ul style="list-style-type: none"> • Commercial industries • Academic institutions, including research and production reactors at universities • Medical facilities and research hospitals • Governmental entities including US Air Force and Army Installations 	<p>Decommissioning</p> <ul style="list-style-type: none"> • Federal facility waste generated as a result of environmental remediation and cleanup at U.S. DOE sites and former weapon complex sites

Source: Texas Commission on Environmental Quality.

WATER UTILITIES OVERSIGHT

The agency regulates water and sewer utility providers with exclusive service areas under its water utilities oversight function. To ensure that customers have adequate utility services available at reasonable rates, TCEQ provides regulatory oversight of these providers. Agency responsibilities include the review of water and sewer utility rate applications, the review of water district bond applications, the oversight of water districts, technical assistance to utilities and consumers, and certificates of convenience and necessity (i.e., the review of service area boundaries). Appropriations for water utilities oversight total \$7.6 million for the 2012–13 biennium. This represents a decrease of \$8.4 million, or 5.3 percent, as compared to 2010–11 biennial spending levels.

ENFORCEMENT AND COMPLIANCE

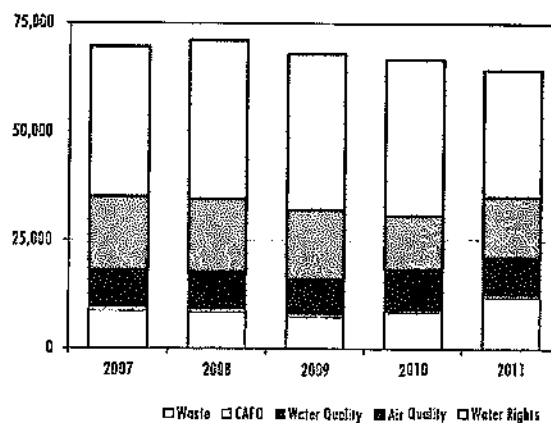
The agency protects public health and the environment by administering enforcement programs that promote voluntary compliance with environmental laws and regulations while providing strict, sure, and just enforcement when those laws are violated, and by encouraging pollution prevention and recycling. TCEQ received appropriations of \$114.2 million, or 16.5 percent of its budget, for the 2012–13 biennium for enforcement and compliance and pollution prevention and recycling activities. This represents a decrease of \$10.5 million, or 8.4 percent, as compared to 2010–11 biennial spending levels. In addition, 807.4 FTE positions, or approximately 29 percent of the agency's workforce, perform enforcement and compliance duties.

FIELD INSPECTIONS AND COMPLAINTS

TCEQ pursues compliance with environmental laws and regulations by conducting field investigations and responding to citizens' complaints. The agency maintains 16 regional offices and two satellite offices, as well as laboratories in Houston and Austin, to monitor and assess air and water quality, investigate facilities, respond to citizens' complaints, promote voluntary compliance through education and technical assistance, and respond to emergencies such as accidental releases of chemicals into the environment.

It is anticipated that regional staff will be performing over 130,000 investigations and responding to approximately 10,000 complaints from residents during the 2012–13 biennium. Figure 299 shows the number and types of investigations performed by TCEQ from fiscal years 2007 to 2011. Appropriations for administering the field inspections and complaints activities total \$87 million for the 2012–13

FIGURE 299
TCEQ FIELD INVESTIGATIONS BY TYPE
FISCAL YEARS 2007 TO 2011



NOTE: CAFO = Concentrated Animal Feeding Operation.
SOURCE: Texas Commission on Environmental Quality.

biennium. This represents a decrease of \$1.8 million, or 2 percent, as compared to 2010–11 biennial spending levels.

ENFORCEMENT AND COMPLIANCE SUPPORT

The enforcement process responds to citizens' complaints, coordinates multimedia inspections, and prosecutes violators. The Enforcement Division determines penalties, tracks compliance orders, and monitors the progress of supplemental environmental projects that are sponsored or undertaken by violators seeking to defer or mitigate their fines through TCEQ-specified environmental projects.

TCEQ has several programs offering specific assistance to certain regulated communities with special needs. Federal and state laws require TCEQ to provide compliance assistance to small businesses. The agency also offers that service to small local governments. It is confidential, except when there is an imminent threat to the environment. By keeping assistance confidential and separate from enforcement, the agency encourages entities to seek assistance and achieve compliance. Small Business Environmental Assistance (SBEA) offers compliance assistance through direct, on-site assistance; a toll free hotline answered by SBEA staff; active participation on agency rule, standard permit, and general permit teams; regulatory guidance development; and advisory committees. Appropriations for enforcement and compliance support total \$22.4 million for the 2012–13 biennium. This represents a decrease of \$2.3 million, or 9.5 percent, as compared to 2010–11 biennial spending levels.

POLLUTION PREVENTION AND RECYCLING

SBEA operates multiple statutory programs that help prevent pollution and reduce releases into the environment. Major pollution prevention programs include the following:

- the Waste Reduction Policy Act (Federal House Resolution 5835, Title VI, Pollution Prevention Act of 1990 and Texas Health and Safety Code, Section 361.501 to Section 361.510, Waste Reduction Policy Act of 1991), which requires hazardous waste generators and entities that report on Form R for the U.S. Environmental Protection Agency Toxics Release Inventory to develop pollution prevention plans and annually report their progress;
- hazardous household waste collection programs;
- the Pollution Prevention Advisory Committee, which advises the commission on pollution prevention and recycling programs;
- the Resource Exchange Network for Eliminating Waste Program, which establishes an exchange to market wastes for recycling, reuse, or composting;
- the Don't Mess With Texas Waters program, which will help discourage illegal dumping by providing a toll-free hotline citizens may call to report dumping;
- the Take Care of Texas Program, which encourages the public to reduce their environmental impact; and
- the Texas Clean School Bus Program, which provides grants to school districts and charter schools to cover installation costs of retrofit technologies that reduce particulate emissions inside the bus cabin.

Several state statutes require TCEQ to implement programs that encourage recycling:

- the Computer Equipment Recycling Program, which requires computer manufacturers in Texas to take back for proper management their own computer equipment, with SBEA tracking implementation, providing assistance to manufacturers and retailers, and preparing a report to the Legislature;
- the Television Recycling Program, which requires television manufacturers in Texas to take back televisions for proper management. SBEA will track implementation, provide assistance to manufacturers, retailers, and recyclers, and prepare reports for the Legislature;

- the Recycling Market Development Implementation Program, which requires TCEQ to work with other state agencies on state recycling efforts; and
- technical assistance on both understanding recycling regulations and establishing a recycling business.

For the 2012–13 biennium, the agency received an appropriation of \$4.8 million for pollution prevention and recycling. This represents a decrease of \$6.3 million, or 56.8 percent, as compared to the 2010–11 biennial spending levels.

POLLUTION CLEANUP

The agency also protects public health and the environment by identifying, assessing, and prioritizing contaminated sites. TCEQ's appropriation for pollution cleanup is \$86.5 million, or 12.5 percent of the agency's budget. This represents a decrease of \$40.3 million, or 31.8 percent, as compared to 2010–11 biennial spending levels. Approximately 7 percent of the agency's workforce, 206.5 FTE positions, is engaged in activities related to pollution cleanup.

STORAGE TANK ADMINISTRATION AND CLEANUP

The TCEQ regulates underground and aboveground petroleum storage tanks (PST), cleans up certain leaking tanks, and promotes prevention of pollution from PSTs. The agency maintains a registry for PSTs, enforces regulations, oversees cleanup activities, and offers technical assistance to tank owners and operators. In addition, the agency operates a State Lead program in which the state assumes responsibility for the cleanup of PSTs for which a responsible owner/operator cannot be located or identified. As of August 2011, there are approximately 169,000 underground storage tanks and 31,000 aboveground storage tanks registered at more than 71,000 facilities in Texas.

The Remediation Division oversees the cleanup of leaks from storage tanks and administers the reimbursement program for tank owners and operators. Certain tank owners and operators are reimbursed for the cleanup of leaking storage tanks out of fees assessed on the bulk delivery of gasoline to retailers. To be eligible for the reimbursement program, which began in 1989, tank owners and operators must meet specific criteria and deadlines, including the following: all corrective action work eligible for reimbursement must have been completed by August 31, 2011; the deadline for reimbursement claims to be filed is March 1, 2012; and the reimbursement program expires on September 1, 2012. The

agency issued reimbursements totaling more than \$1.15 billion for the investigation and cleanup of leaking petroleum storage tanks over the life of the program. More than 24,350 sites with leaking PSTs have been remediated to meet standards, and over 114,000 tanks have been removed from service. Approximately 20 new contaminated sites are reported each month.

Approximately 400 PST sites are expected to be cleaned up during the 2012–13 biennium. Appropriations for storage tank administration and cleanup total \$40.2 million for the 2012–13 biennium. This represents a decrease of \$17.7 million, or 30.6 percent, as compared to 2010–11 biennial spending levels.

HAZARDOUS MATERIALS CLEANUP

The Remediation Division administers the federal and state Superfund programs, the state's Voluntary Cleanup Program, and the state's Dry Cleaner Remediation Program. The federal Superfund Program identifies and ranks the most serious hazardous waste sites on the Federal National Priorities List (NPL). Currently there are 52 NPL sites in Texas. Those sites not eligible for the NPL may be included on TCEQ's State Superfund Registry. There are currently 50 sites in Texas proposed for listing or listed on the State Superfund Registry.

Since the inception of the Superfund Program in Texas, more than \$434 million in state and federal funds have gone toward the cleanup of Superfund sites throughout the state. TCEQ expects to complete remedial actions at two state and federal sites during the 2012–13 biennium.

The Voluntary Cleanup Program provides a process through which sites can be cleaned up voluntarily in a timely manner while ensuring protection of human health and the environment. Once TCEQ has given final approval to cleanup activities conducted at a site, future landowners and lenders may be freed from liability caused by past contamination. Participation in the Voluntary Cleanup Program often leads to the beneficial reuse and economic redevelopment of previously blighted properties. During fiscal years 2010 and 2011, TCEQ issued 183 certificates of completion under the Voluntary Cleanup Program.

Numerous properties in Texas known as brownfields are not used or are underutilized because of the liability associated with pollutant contamination. TCEQ, in cooperation with local and federal partners, is attempting to facilitate cleanup, transferability, and revitalization of these Voluntary Cleanup

Program properties through the development of regulatory, tax, and technical assistance tools. The objective is to return remediated property to productive use.

The Dry Cleaner Remediation Program was established in 2003. The Dry Cleaning Facility Release Account (General Revenue–Dedicated Funds) was established to pay for state conducted soil and groundwater cleanups at dry cleaner sites. Dry cleaner facility registration requirements, fees, performance standards, distributor registration, and revenue disbursements were also established. By the end of fiscal year 2011, 209 sites have been accepted in the program, and 42 of these sites have been remediated.

The Remediation Division also administers the Corrective Action Program. The Resource Conservation Recovery Act (RCRA)/Non-RCRA Industrial Corrective Action Program oversees soil and groundwater cleanup activities at industrial and hazardous waste facilities to ensure that the cleanups protect human health and the environment. Most facilities have multiple sites needing remediation. Cleanup is considered complete when the cleanup goals of all closure and/or remediation projects at industrial solid waste and municipal hazardous waste facilities have been achieved. In fiscal year 2011, cleanup was completed at 208 corrective action facilities. As of August 2011, the agency reports that there are 1,098 active sites involved in the Industrial Corrective Action Program.

As part of the Remediation Division, the Natural Resource Trustee Program works cooperatively with responsible parties and other state and federal natural resource agencies to restore natural resources that have been affected by oil spills and releases of hazardous materials. By the end of fiscal year 2011, the program has negotiated final natural resource restoration settlements at 42 sites, and an additional four sites have final settlements pending. In addition, the program continues to be involved in assessment and restoration projects associated with the British Petroleum Deepwater Horizon oil spill.

Appropriations for Hazardous Materials Cleanup total \$46.4 million for the 2012–13 biennium and provide for 141.1 FTE positions. This represents a decrease of \$22.6 million, or 32.8 percent, as compared to 2010–11 biennial spending levels.

RIVER COMPACT COMMISSIONS

Texas is a signatory to five interstate compacts that apportion river and stream waters flowing through Texas and other states. These compacts are the Canadian River Compact, the Pecos River Compact, the Red River Compact, the Rio Grande Compact, and the Sabine River Compact.

The shared mission of the Texas River Compact Commissions is to ensure that the people of Texas receive their share of river waters as allocated by the various compact agreements. Each river compact is administered by its own commission, which includes representatives of each signatory state and one presidential appointee. There are seven Texas River Compact Commissioners: six are appointed by the Governor and one, the Executive Director of TCEQ, serves in an ex-officio capacity in accordance with statutory provisions. Commissioners engage in activities designed to protect Texas' water interests and to ensure that Texas receives its share of water from the various compacts. Those activities include: (1) negotiating with signatory states to resolve disputes regarding compact interpretation; (2) investigating and monitoring water resource data collection; (3) conducting surveys to determine the effect of upstream water diversions on water deliveries; (4) working with state, federal, and local entities to address environmental and endangered species issues involving interstate waters; and (5) implementing programs to increase the quantity and improve the quality of water available to Texas.

Appropriations for the 2012–13 biennium for the River Compact Commissions total \$0.8 million in General Revenue Funds and provide for 7 FTE positions, or about the same level as in 2010–11. In addition to these appropriations, TCEQ is required to allocate \$114,900 out of its other 2012–13 appropriations for the River Compact Commissions' administrative and operating costs.

OTHER AGENCY FUNCTIONS

In addition to the activities and programs discussed above, TCEQ operates divisions that indirectly support the agency's three programmatic goals. The divisions are General Counsel, Alternative Dispute Resolution, Administrative Services, Chief Clerk, Internal Audit, Office of Public Assistance, and Office of Public Interest Counsel. The 2012–13 biennial appropriation for the indirect administration programs is \$85.3 million, or 12.3 percent of agency All Funds appropriations. This represents a decrease of \$9.1 million, or 9.6 percent, as compared to 2010–11 biennial spending levels.

SIGNIFICANT LEGISLATION

House Bill 2694, Eighty-second Legislature, Regular Session, 2011, the agency's Sunset legislation, continues TCEQ for 12 years until 2023. The bill also transfers the authority for groundwater protection recommendations regarding oil and gas activities (surface casing) from TCEQ to the Railroad Commission, including \$0.8 million in appropriations per fiscal year of the 2012–13 biennium and 9 FTEs. The bill also extends the Petroleum Storage Tank delivery fee, which was set to expire on August 31, 2011, indefinitely, which is expected to result in an additional \$54.2 million in revenue being deposited to the General Revenue–Dedicated Petroleum Storage Tank Remediation Account during the 2012–13 biennium. The bill also abolishes the On-Site Wastewater Treatment Research Council and transfers its already established duties to TCEQ.

In addition, House Bill 2694, Eighty-second Legislature, Regular Session, provides that a portion of the compact waste disposal fee allocated to the LLRWDC be deposited to a newly General Revenue–Dedicated LLRWDC Account created by the bill, which can only be appropriated to support the operations of the Compact Commission. Due to passage of Senate Bill 1605, Eighty-second Legislature, Regular Session, 2011, appropriations of \$1.2 million out of the new LLRWDC Account for the 2012–13 biennium made to TCEQ to support the LLRWDC are transferred directly to the LLRWDC because the legislation establishes the Compact Commission as a separate entity and prohibits funding for the LLRWDC from being made as part of an appropriation to TCEQ.

The enactment of Senate Bill 20 and Senate Bill 385, Eighty-second Legislature, Regular Session, 2011, both establish three new grant programs within TERP: the natural gas vehicle rebate program, a program to fund natural gas fueling stations, and an alternative fueling facilities program. Of TERP Account funds allocated to the emissions reduction incentive program, up to 16 percent is allocated to the natural gas vehicle rebate program, up to 4 percent is allocated to the refueling station program, and up to 2 percent is allocated for the alternative energy fueling facilities program. The bills also require that TCEQ establish two new grant programs for funding the purchase or lease of natural gas vehicles or engines and the establishment of natural gas refueling stations along the interstate highways between Houston, San Antonio, and Dallas, and Fort Worth.

The enactment of Senate Bill 329, Eighty-second Legislature, Regular Session, 2011, establishes a television recycling

program at TCEQ. Affected television equipment manufacturers are required to register with TCEQ and pay a registration fee of \$2,500 each year, in addition to providing information about their television equipment recycling activities. TCEQ was appropriated \$0.3 million in fee revenues from General Revenue Funds to administer the program during the 2012–13 biennium. The bill requires that fees be deposited to the new General Revenue–Dedicated Television Recycling Account created by the bill; however, that new account was not exempted from funds consolidation, resulting in the fees instead being deposited to General Revenue Funds.

The enactment of Senate Bill 527, Eighty-second Legislature, Regular Session, 2011, eliminates the New Technology Research and Development (NTRD) program within TERP. The bill removes the statutory allocations of 87.5 percent and 9 percent for the ERI and NTRD programs, respectively, for the use of TERP Account funding. The bill also allows up to \$3.4 million in TERP Account funding to be used for administration of the TERP program, whereas previously the agency was limited to using 2 percent of TERP funds for such purposes. The bill also establishes a new air monitoring program and specifies that not less than \$3 million or more than \$7 million shall be allocated to the new program in fiscal years 2012 and 2013, and not less than \$1 million or more than \$3 million shall be allocated in subsequent years to fund regional air monitoring programs in specific air quality regions of the state.

The enactment of Senate Bill 571, Eight-second Legislature, Regular Session, establishes a new registration and inspection program for active aggregate production operations and gives TCEQ the responsibility to administer the program. The agency is authorized to assess annual registration fees in an amount not to exceed \$1,000 and assess penalties on those who fail to register with the program. The TCEQ is appropriated \$0.5 million for the 2012–13 biennium in fee revenues to the Water Resource Management Account during the 2012–13 biennium and was provided an additional 4 FTE positions to administer the new program.