



# **Overview of the Fiscal Impacts and Implementation Advisory Committee's (FIIAC) Work**

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**A Presentation for the Environmental  
Quality Commission**

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# What is FIIAC?

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- Nine member advisory committee
- Names recommended to DEQ by variety of sources
- Representatives from tribes (2), public health (1), municipal water agencies (1), local government (1), industry (2), economic consulting firm (1) and economic innovation organization (1)
- Seven meetings to date, beginning January 29, 2008



# Overview of FIIAC's Work

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1. Review and comment on SAIC cost analysis
2. Listen to other cost analyses (from NWPPA and ACWA)
3. Discuss potential benefits
4. Discuss alternative implementation strategies
5. Note uncertainties and limitations
6. Provide conclusions and recommendations



# SAIC Analysis

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FIIAC members provided two rounds of comments on the SAIC analysis. Generally, these comments fell into the following categories:

- uncertainty about cost estimates;
- lack of thorough discussion of economic benefits;
- uncertainty/feasibility issues around variances and other non-traditional regulatory approaches in our region;
- the importance of distinguishing between baseline costs (at 17.5 gpd) versus the cost to comply with revised standards;
- lack of clarity/discrepancies in baseline information;
- uncertainty about sample representation; and
- lack of analysis on small business impacts.



# SAIC Analysis

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- Many of the comments submitted by FIIAC members were addressed by SAIC in the subsequent draft.
- The FIIAC plans to do a review of the most recent draft of the analysis but, due to extenuating circumstances, no consensus conclusions have been stated by the group at the time of this memo.



## Other Cost Analyses

- Heard presentations of cost analyses by the Northwest Pulp and Paper Association and the Oregon Association of Clean Water Agencies
- FIIAC had opportunity to ask questions and discuss analyses, but no chance to review underlying assumptions or analyses of these studies
- FIIAC unable to make comparisons, conclusions or recommendations at this time



# Cost Analyses

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- SAIC assumed use of lowest cost approaches. Coupled with the lack of effective end-of-pipe controls for most of the issue contaminants, SAIC's approach largely involved toxics-reduction programs. SAIC also costed out end-of-pipe approaches, but didn't conclude that this would be the recommended approach.
- ACWA & NWPPA costed out ONLY end-of-pipe approaches—due to the current non-use of compliance strategies in Oregon other than end-of-pipe treatment.

# Benefits

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- DEQ did not have the time/funding for a benefits analysis
- That said, the FIIAC generally agreed that a fiscal impact analysis, by definition, should consider both costs and benefits
- The FIIAC also offers these thoughts on benefits:
  - Environmental protection entails both costs and benefits
  - Costs and benefits can be distributed across different groups and have varying levels of impacts on these groups
  - When either costs or benefits are “external” to the decision, the economic signals are distorted
  - Benefits would likely not be limited to fish consumers only

# Benefits

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- Because no analysis of benefits was done, the FIIAC created a table of *potential benefits* with the following caveats:
  - Point sources are likely a small component of all contaminant sources at a statewide scale
  - This is a list of categories of expected results for achieving water quality standards—and it is unknown what outcomes will actually result from this effort
  - This is not an exhaustive, definitive or predictive list
- Specific costs and benefits associated with alternative strategies were not analyzed either, but there was general consensus that some of these strategies may produce higher net benefits than end-of-pipe treatment alone



# Answers to FIIAC Charge

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The following bullets summarize responses to the questions specified in the FIIAC Charter, at the time of writing this memo:

- Would increasing the FCR have a fiscal and economic impact? **Yes**
- What is the extent of that fiscal and economic impact? **Uncertain, and, need to consider both costs and benefits.**
- Would increasing the FCR have a significant adverse impact on small businesses? **Not known at this time.**
- What is the extent of that fiscal and economic impact to small businesses? **More information needs to be gathered to answer this question.**



# What FIIAC Can Say Today About a Revised Fish Consumption Rate:

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- An increased FCR will have associated increased costs—especially with traditional approaches—the level of costs is dependent on the FCR and implementation strategies chosen
- It will take time for municipalities, industry and others to comply—the amount of time is likely to vary based on the FCR and the implementation strategies chosen
- Innovative approaches will be needed to attain the standard
- There will be benefits (but the level of those benefits have not been evaluated)
- A comprehensive approach is needed