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Transcriber's Office

Natural Resources Committee
April 07, 2015

[CONFIRMATION]

The Committee on Natural Resources met at 1:00 p.m. on Tuesday, April 7, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on a gubernatorial appointment. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Jerry Johnson; Rick Kolowski; Brett Lindstrom; John McCollister; and David Schnoor. Senators absent: None.

SENATOR SCHILZ: Good afternoon, everyone, and welcome to the Natural Resources Committee hearing. Today, we have on the agenda the appointment of James Reed Macy for the Department of Environmental Quality. And just a few housekeeping items before we get going. If anybody is here to testify, there's some green sheets that we'd like you to fill out. Fill those out in their entirety; hand them back in. If you don't wish to testify, but you want to put down that you're in favor or not, you can fill out a sheet. Should be in each corner, I don't know if we have them there, but if not...if somebody wants to do that, let us know and we'll get that taken care of. Make sure all your cell phones are in the silent or vibrating position and so we don't interrupt anybody while they're up here. And with that I'll take an opportunity to go ahead and introduce everybody to the gallery here.

SENATOR MCCOLLISTER: John McCollister, District 20.

SENATOR KOLOWSKI: Rick Kolowski, District 31.

SENATOR SCHNOOR: Dave Schnoor, District 15.

SENATOR LINDSTROM: Brett Lindstrom, District 18.

SENATOR JOHNSON: Jerry Johnson, District 23.

SENATOR HUGHES: Dan Hughes, District 44.

SENATOR SCHILZ: And I'm Ken Schilz, from District 47, Ogallala. And with us today is Jamaica Erwin, she is our acting committee clerk for the day; and Laurie Lage, who is our legal counsel. And with that we will welcome Mr. Macy up into the seat and we would ask you to give us a little bit of an introduction as to who you are, what you think is important for the Department of Environmental Quality, and how you intend to tackle those issues. Thank you, sir, for being here. [CONFIRMATION]

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JAMES REED MACY: Thank you, Chairman. Senators, my name is Jim Macy, J-i-m M-a-c-y. I want to thank you for allowing me time to present myself before the committee with some background. I grew up and worked with my father on a small dairy and row-crop farm in northwest Missouri, Gallatin, Missouri, from the time that I could run farm equipment to about college time, and after that I got married. My wife and I, Lisa have been married for 22 years. I have two children, Katie, my oldest is in K-State in architecture school. And Mary Elizabeth is a high school freshman. And we're really excited about the move to Lincoln. I studied at the University of Missouri-Columbia and received a bachelor's of science in agriculture in animal science and a master's in education. I started working for the Department of Natural Resources, the majority of my career was spent in Missouri with the Department of Natural Resources, starting in the soil and water conservation program as a district coordinator. I spent five years in that entry-level job, advancing to an environmental specialist III. I interviewed and was accepted to the Kansas City regional office as their director for approximately 15 years where I directed the staff of a 23-county northwest Missouri area that dealt with urban and agricultural issues in all environmental media. From that point I was asked to come to Jefferson City and be part of the statewide program and be a division director for the Department of Natural Resources in the capacity of the field services division. I did that for approximately four years. After that, I was the environmental compliance section chief dealing with drinking water issues for approximately two years. And in that capacity, I was a receiver for a small community in southeast Missouri that had infrastructure problems in both water and wastewater. I restored that community's infrastructure system to an operable level and left them in good hands with a sufficient reserve to maintain their capacity for their drinking and wastewater needs. After that, I was appointed to the director of the Financial Assistance Center. I served in that capacity approximately two years. That center was the state's revolving fund center where I managed about \$3 billion in assets for the state of Missouri. We developed loans for small and large communities and grants for small communities in drinking water and wastewater. I retired from the state of Missouri in 2013 in December; took a little breather and then I entered employment again with Environmental Works, a private consulting company. We dealt with all environmental media in that capacity. I specialized in community issues and drinking water and wastewater. In January of this year, I made an application for the job that I'm seeking, the director of Department of Environmental Quality. And I'm happy to be here today to answer any questions that you may have. I thought I'd give you a little bit of my vision for the agency, if you think that's appropriate.

[CONFIRMATION]

SENATOR SCHILZ: I think it's definitely appropriate. [CONFIRMATION]

JAMES REED MACY: My vision is that DEQ will meet its statutory obligations and responsibilities. We will be responsive to our constituents. We will use common sense and problem solving. We will be assistance focused with the public and industry. We believe that we should...I believe that we should help local communities solve local problems and be in an

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assistance role in helping them through that process. I want to make compliance easier for everyone; provide assistance in training. I want to go out in Nebraska and be proactive and involve our staff through educational and technical assistance efforts. I think we should look at streamlining the permitting process. And I think we should develop performance goals and objectives in accordance with the Governor's plan for growing Nebraska. I look forward to using my broad experience to help grow Nebraska. And I think immediately the top three challenges that my department faces is we have approximately 60 full-time equivalent positions that can retire about any day now. And out of 217 full-time staff, that's going to be a significant issue in the future. And to deal with that issue, we're starting to look at a leadership ladder and strategically plan how we can grow the people that we have inside the agency to fill some of those positions and then strategically fill vacancies as quickly and as efficiently as possible with qualified candidates. I think that staff retention is an issue with any agency located between Omaha and Lincoln where we grow great staff that are very competent in their skill set. They're technically able to solve a multitude of problems and the private industry snatches them up pretty quick. So while that's not uncommon for good state agencies to be a training ground, it's a good thing, we have people then outside that we get to work with that understand our process, and we get to get some new people into the organization and create new positions. The other thing that I think that we need to work on is permit predictability and timeliness. And that too, I think, can be done and I think we have some ways to accomplish that in the very near future to help the permitted industry to understand what they require and help our staff to get those permits done in a timely and effective manner. That's my vision for the agency. That's what I intend to do. I enjoyed meeting with all of you individually earlier and look forward to any questions that I can help answer. [CONFIRMATION]

SENATOR SCHILZ: Mr. Macy, thank you very much. Any questions? Senator McCollister.
[CONFIRMATION]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. I am looking through the resume, Mr. Macy, and I...is there...can you give us some background in terms of your education?
[CONFIRMATION]

JAMES REED MACY: Yes. I was...I went to the University of Missouri... [CONFIRMATION]

SENATOR McCOLLISTER: You mentioned that. [CONFIRMATION]

JAMES REED MACY: Degree in agriculture, animal science, and a master's degree in education. [CONFIRMATION]

SENATOR McCOLLISTER: Okay, thank you. [CONFIRMATION]

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SENATOR SCHILZ: Any other questions? Senator Johnson. [CONFIRMATION]

SENATOR JOHNSON: Thank you, Chairman Schilz. You talked about streamlining permit process which has been a lag here I'm sure. One of the questions we've had...or I've had, worked on it last year, was the public comment period that seemed like it was not fair to the business or to the entities where we didn't have time for the public input. Have you looked into that at all or are you aware of any situations there? [CONFIRMATION]

JAMES REED MACY: Well, it depends on the environmental media that you're speaking about. There are statutory requirements for public participation and public comment. Where we probably can gain some efficiency is the time and review before that comment period happens, quickly resolving the issues that come up during the public comment and then getting those permits issued. And if we have a time line that's...that is apparent that we can post that the folks that make applications for these permits are aware of, I think that will help alleviate concern. [CONFIRMATION]

SENATOR JOHNSON: Good. It seemed to me, at least looking at it from the outside somewhat, that there was a lot of flexibility, sometimes we had time and sometimes we didn't. So if there was a way to standardize that or at least publish so we know where we're at on, I think, in that case, it would be helpful. And I guess that's my only comment. Thank you. [CONFIRMATION]

JAMES REED MACY: I will be happy to look into that. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Johnson. Senator Friesen. [CONFIRMATION]

SENATOR FRIESEN: Thank you, Chairman Schilz. Mr. Macy, good to see you again. I do appreciate you stopping and visiting, I think it did provide a little bit of insight into where you come from. As far as working with the EPA and seems like they're, lately, wanting to overreach and maybe take over some areas that states normally have been delegated to do. How do you look at that relationship there and what might be done to slow that down? [CONFIRMATION]

JAMES REED MACY: Well, I think the state of Nebraska is best suited to manage its delegated program. And I will use every aspect of our department to maintain delegation of our programs from EPA. I think we should be able to provide those inspections and permits from our technical staff within the department. And I guess my goal would be to keep Region 7 in Kansas City, Kansas, area and keep DEQ active in the permitting and the inspection process here in Nebraska. [CONFIRMATION]

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SENATOR FRIESEN: Are there some programs now that the state could be doing that the EPA does? Do you know? [CONFIRMATION]

JAMES REED MACY: We don't have the 503 sludge regulations and because that has been an offering from EPA without funding to do so. So they do that program. That's the only one that I'm currently aware of. [CONFIRMATION]

SENATOR FRIESEN: Okay, thank you. [CONFIRMATION]

JAMES REED MACY: Thank you, Senator. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Friesen. Yes, Senator Kolowski. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Mr. Macy, good to see you again. Thank you. [CONFIRMATION]

JAMES REED MACY: Thank you, Senator. [CONFIRMATION]

SENATOR KOLOWSKI: Congratulations. I wanted to ask you, what was the...when you looked at the job, potentials here, what were some of the things that drew you to the possibilities of the Nebraska position, please? [CONFIRMATION]

JAMES REED MACY: Well, I've known folks in Nebraska through my Region 7 contacts, we were part of the four-states area, and would be commonplace for the managers from the four states to meet and gather and talk. Nebraska has always been looked at as a very progressive and well-run program. I had retired from state service of about 28 years in a technical capacity that I thought would be very complimentary of the role up here. I had a year's experience, about, in the private sector which, I think, is probably worth about ten years of government experience. So I saw a bit what the real world is like. But I was very intrigued and excited to bring my skill set up here and try to improve on the agency a little bit. I think it's very well run. It's an agency that I don't see many technical complex problems with. You've...it's been left in very good hands and it would be fun and exciting to work with this Governor and this Legislature to see what we can do and to advance and grow Nebraska. [CONFIRMATION]

SENATOR KOLOWSKI: What's your opinion of the NRDs and how they operate?
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JAMES REED MACY: Very early on in my career in Missouri, we had a work group, when I first was the regional director, and we called it the DNR Institute where we would bring in technical issues and bring a group of varying levels of staff, technical professionals in and try to solve some problems. So about 25 years ago, the one that I facilitated, was working with groups like the NRDs and we were going to try to replicate that in Missouri. And in my former state, sometimes good ideas are brought forward and then with changes of administrations new responsibilities and priorities out-shadow the old and those are left in the dust. I got to experience that, though, we brought that back after about 20 years and got very close with Director Childers when I was a division director into implementing something that was very similar to an NRD-type of an approach with our satellite offices in our regional office system throughout Missouri. So I have a lot of respect for the NRDs. I think we can work collaboratively together to help solve problems. We have some of our regional offices already assigned and working closely with that organization. So I think it's exciting. It's exciting that the way that Nebraska manages its water resources. It's something that my former state took for granted. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Kolowski. Senator McCollister. [CONFIRMATION]

SENATOR MCCOLLISTER: Thank you, Mr. Chairman. During your time in Missouri, did you ever conduct or see community outreach programs that might be useful to us as we deal with wastewater wells? [CONFIRMATION]

JAMES REED MACY: Well, yes. We had about three different versions of a community outreach program. We had a version that was located all in Jefferson City and that community outreach kind of waited for things to happen in Jefferson City and then they went out from a central location. During my tenure, I took those positions that were vacancies; we didn't fire anybody or displace people, but as we had attrition happen, we moved those positions out into the field to where they were closer to the people to help problem solve. We actually did a program called environmental assistance visits, and they were compliance-related, proactive visits where if you had a new permit or you had an old permit that you didn't understand, we would go out, take the permit so that you had a fresh copy of it, go over line by line what that permit meant and leave the applicant or the new or old permit holder a basic understanding that they could call us, ask questions, and get answers. We did 10,000 of those visits over a four-year period and maintained our delegated EPA mandated inspections and our state priority inspections without an increase in staff over all that time. It is a very successful program. It's, in a different form, it is still active in Missouri. [CONFIRMATION]

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SENATOR McCOLLISTER: Did you allay some of the fears of some of the local communities by doing that program? [CONFIRMATION]

JAMES REED MACY: Initially that was a fear that we were going out and being a little aggressive. But after a couple of years, we actually started getting phone calls into the office asking for assistance. It was more of a one-on-one, what can I do if, and how can I do this type of an approach. It was very effective and it worked very well. [CONFIRMATION]

SENATOR McCOLLISTER: I'm from the EPA and I'm here to help you? [CONFIRMATION]

JAMES REED MACY: Well, we were from the department that was affectionately called the "Department of No Response" to the one department that people relied on in technical emergencies. We had about 27 tornadoes, floods, ice storms, and other natural disasters when I was division director and, believe me, those fire chiefs and police agencies came to respect and really appreciate the technical assistance that our department could provide during those times of crisis. [CONFIRMATION]

SENATOR McCOLLISTER: Thank you, Mr. Macy. [CONFIRMATION]

JAMES REED MACY: Thank you, Senator. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Okay, well, seeing none, thank you, Mr. Macy, we very much appreciate it. Thank you for your words and we will hope to see you back here real soon. [CONFIRMATION]

JAMES REED MACY: Thank you, Senator. [CONFIRMATION]

SENATOR SCHILZ: Great. At this time, if there is anyone that is a proponent for Mr. Macy, they may come forward. Any proponents? Seeing none, any opponents for Mr. Macy? Seeing none, any neutral testimony? None, that's a good thing. So with that all said and done, we will end the hearing now and we will thank you all for coming in and hope you have a great day. And we'll get your appointment "execed" on and see if we can't get it up to the floor. [CONFIRMATION]

JAMES REED MACY: Thank you very much. [CONFIRMATION]

SENATOR SCHILZ: Thank you very much. [CONFIRMATION]