

BOARD OF DIRECTORS

Co-Presidents

David Shaw
New York

Lynne A. Liddington
Knoxville, TN

Co-Vice Presidents

Mary Uhl
New Mexico

Bruce S. Andersen
Kansas City, KS

Co-Treasurers

George S. Aburn, Jr.
Maryland

Merlyn Hough
Springfield, OR

Past Co-Presidents

G. Vinson Hellwig
Michigan

Larry Greene
Sacramento, CA

Directors

Andrew Ginsburg
Oregon

Anne Gobin
Connecticut

James Goldstene
California

Cheryl Heying
Utah

Thomas Huynh
Philadelphia, PA

John S. Lyons
Kentucky

Shelley Schneider
Nebraska

Richard Stedman
Monterey, CA

Barry R. Wallerstein
Los Angeles, CA

Executive Director

S. William Becker

March 17, 2011

Michael Hadrick
Office of Air and Radiation
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Mr. Hadrick:

On behalf of the National Association of Clean Air Agencies (NACAA), thank you for this opportunity to provide comments on the *U.S. Environmental Protection Agency (EPA) Office of Air and Radiation Fiscal Year 2012 Draft National Program and Grant Guidance*, dated February 25, 2011. This guidance pertains to the President's budget request for FY 2012, which proposes to increase federal funding for state and local air quality grants by \$78.9 million over FY 2010 levels (from \$226.6 million to \$305.5 million).

NACAA was very pleased that the President's budget request for FY 2012 again called for significant increases in grants for state and local air agencies. While the increases would not completely restore the years of funding deficits that state and local agencies have withstood, they would be extremely helpful as we carry out our responsibilities. We are gratified by the recognition of the importance of state and local air quality programs that the proposed increase signifies.

As we indicated in our comments on last year's Program and Grant Guidance, we are especially happy that the President's request included special recognition of the importance of funding for our core programs. While new and emerging activities and programs are important, we must protect and support our core programs, including our day-to-day activities, which serve as the foundation of our efforts to protect public health and welfare. Therefore, we agree with EPA's acknowledgement of the importance of new and expanded core program responsibilities under the Clean Air Act (page 6), but we suggest EPA also specifically note that the increase for core programs should address the deficits in state and local resources that have existed for many years. That is, the increase is not just for new and expanded programs, but also for ongoing and continuing activities as well. This is mentioned in passing on page 33, but greater emphasis on page 6 of the document would be helpful.

NACAA also agrees with the many references in the draft guidance to the importance of collaboration and partnership with state and local air agencies. As co-regulators and co-implementers of Clean Air Act programs, we believe we are full partners with EPA. We look forward to working together with EPA in the spirit of cooperation that was in evidence in the draft program and grant guidance.

NACAA has reviewed the draft grant guidance and appendices and would like to offer the following specific comments and recommendations.

Seasonal NO_x Trading Program (p. 12)

The draft calls for Section 105 funds to be used for the CAIR Seasonal NO_x Trading Program as it transitions into the seasonal NO_x program under the Transport Rule. We recommend that EPA fund the administration of the program in the same way that the Acid Rain program is administered – through EPA’s budget. The cost for administering the seasonal and annual trading programs should be covered by EPA’s budget, not state and local air grants.

Federal Vehicle and Fuels Standards and Certification (p. 19)

NACAA is pleased to see that EPA has recognized the importance of transportation conformity in our efforts to meet our air quality goals, by identifying this as one of the regional priorities.

NAAQS Program Strategy (p. 20)

The first paragraph in this section indicates that EPA plans to finalize PM_{2.5} rulemaking by the spring of 2012. We were under the impression that the date was October 2011.

In the third paragraph of the section, we were pleased to read about EPA’s plans to develop an integrated strategy for the electric power industry. We commend the agency for this plan.

NAAQS FY 2012 Priorities (p. 22)

We are pleased to see that EPA has identified providing guidance for the implementation of the Exceptional Events Rule as one of its priorities. This is very important to many NACAA members, especially in the western part of the country.

National Air Toxics Assessment (p. 27)

NACAA is pleased that one of EPA’s priorities is the development of the 2008 National Air Toxics Assessment (NATA). We strongly urge EPA to accelerate the NATA process and release the data and modeling results as soon as possible. Previous NATA releases have taken a long time and the timeliness of the data suffered as a result.

Multi-pollutant Efforts (p. 32-33)

In the Grant Assistance to Co-Implementers Section under Core Activities, the guidance references the multi-pollutant and regional nature of air pollution and the need to conduct increasingly complex analyses. NACAA agrees and recommends that EPA fully endorse regional and multi-pollutant planning efforts. We encourage the agency to support consolidated efforts and ensure there are no impediments to efficient and effective efforts (e.g., through multi-jurisdictional organizations and regional planning organizations).

Allocation of Grant Funds (p. 33 and Appendix B, p. 4)

NACAA believes that the allocation of grant funds among activities and regions should be equitable and fair. The regional allocation formula that EPA has relied upon in the past is no longer up-to-date and should be revised. If Congress appropriates the recommended increases, EPA would have a good opportunity to begin allocating funds among the regions according to an updated formula while, at the same time, ensuring that state and local air programs are not disrupted by decreased grants as a result of the new allocation. We believe the recommended increase would be sufficient to ensure that every region receives an equitable increase in grants above its FY 2010 allocation. Discussions between NACAA and EPA about possible increases in FY 2011 resulted in an acceptable allocation formula that could be used to guide FY 2012 allocations.

Diesel Emission Reduction Program (p. 33)

NACAA was very surprised and disappointed that the FY 2012 budget request did not include funds to support the Diesel Emission Reduction Act (DERA) program. This is a worthwhile effort and much remains to be done to address emissions from diesel engines. Eliminating funding for the national DERA programs puts in jeopardy all of the clean diesel programs across the country because not only is the EPA grant program unfunded, but also all of the state programs. Because this program is so important, NACAA is recommending to Congress that \$50 million be granted for DERA activities in FY 2012. Of course, funding for DERA should supplement and not come at the expense of state and local air grants under Sections 103 and 105 grants. Since many of the DERA funds are not provided to state and local governments, we also recommend that future DERA activities not be funded through the STAG account. Instead, we suggest that the grants be provided through one of EPA's other accounts.

Training (p. 34)

We appreciate EPA's acknowledgement of the importance of training for state and local air agencies as new programs and policies are introduced. However, the need for training articulated in the draft does not seem to comport with the level of funding EPA is providing for training within its own budget. The draft notes that it is diverting approximately \$2 million from state and local air grants to fund training, but EPA does

not state how much the agency itself plans to spend on training. There is a need for core training support at the federal level, particularly for maintaining, updating and developing training courses and coordinating with the state and local training coordinators. For many years NACAA has recommended that EPA fund training from its own budget, and we have agreed to match EPA's expenditures for training from state and local grant funds (Sections 103 and 105) during the transition to full EPA funding. Unfortunately, full EPA funding has not yet materialized. In recognition of the importance of training and the need for adequate funding, as in the past, NACAA recommends that EPA hold \$1,995,000 in Section 103/105 funds off the top for training and urges EPA to at least match the Section 103/105 grant funding for training from EPA's own budget. Further, NACAA recommends that adequate staffing support be allocated within EPA to provide necessary training services to state and local agencies.

Also with respect to training, in FY 2012 EPA will award a contract for a Learning Management System (LMS) for managing training. The contract will use Section 105 funds, but since EPA is issuing the Request for Proposals and selecting the winning bidder, this activity should be mentioned somewhere in the document.

Regional Planning Organizations (p. 36)

In the draft, EPA states that "OAR and NACAA have established a workgroup to examine the continued need, available resources, and optimum organizational structure for support for broader, multi-pollutant and regional planning." While NACAA supports and is interested in the future of the Regional Planning Organizations (RPOs), and is willing to facilitate EPA's efforts to discuss the optimal structure with state and local agencies, NACAA does not believe it should play a role in determining how the regional planning organizations should be structured in the future. Those decisions should be made by the affected agencies. NACAA does not agree that OAR and NACAA's discussions should be characterized as a formal "workgroup."

NAAQS – FY 2012 Priorities (p. 38)

The sixth bullet under the "States should" section reads:

- Submit SIPs due in October 2011 for the §110(a)(2) infrastructure SIP submittals due January 2013 for the lead NAAQS and SIPs due June 2012 for the areas designated lead nonattainment areas in December 2010.

We do not understand what this bullet means. Is it possible EPA meant to say the following: "Submit in October 2011 the §110(a)(2) infrastructure SIP submittals for the lead NAAQS and submit in June 2012 the SIPs for the areas designated lead nonattainment areas in December 2010"? Whether that or something else was the intended sense of the bullet, it should be clarified.

Non-regulatory Climate Change Programs (p. 56)

We understand that OAR and OAQPS are discussing ways to recognize energy efficiency/renewable energy efforts in SIP development. The document identified this issue as a priority for the regions, but did not mention it for EPA headquarters. We recommend it be added to the list of priorities for OAR headquarters.

Grant Competition (Appendix B, p. 3)

With respect to grant competition, EPA states that co-regulator status was no longer available as an exception to competition for grants for multi-jurisdictional organizations (MJOs) as of 2007. However, EPA states that it has reassessed the competition policy for MJO, co-implementer organizations and will announce the results shortly. NACAA disagrees with the 2007 policy and believes that co-regulator organizations, such as NACAA and the MJOs, should continue to be treated under an exception to competition requirements. Those organizations are uniquely qualified to perform their missions and were established by the state and local air agencies specifically to carry out their objectives. No other organizations could accomplish those tasks. Therefore, it would be very inefficient for EPA and those organizations to undergo a competitive process. We hope the new policy reinstates the exception to the competition requirements for MJOs.

Ambient Monitoring (Appendix C)

NACAA commends EPA's request for an additional \$15 million in FY 2012 state and local air grant funds for the purchase of new monitoring equipment; this additional funding is critical to the ability of state and local agencies to implement new monitoring requirements. However, the association stresses that the requested \$15 million falls far short of the funding needed for new monitoring equipment over the next few years, particularly if the additional funding requested for state and local agencies in the FY 2011 budget request is not included in the final federal budget. As of March 2011, new and proposed changes to the monitoring networks for nitrogen dioxide (NO₂), lead, sulfur dioxide (SO₂), ozone, and carbon monoxide (CO) require the installation and/or relocation, as well as operation, of hundreds of monitors over the next few years.

As state and local agencies prepare to implement new monitoring requirements, NACAA recommends that EPA work with state and local agencies to develop a method for prioritizing new monitoring equipment purchases and implementation over the next several years. It may be necessary to develop a program for phasing in and funding new monitoring sites. NACAA further recommends updating the National Monitoring Strategy to reflect changes in the monitoring network, include sustainable funding strategies, and address issues such as the importance of special field programs and monitoring to evaluate environmental successes (as recommended by the National Resource Council in its 2004 report, "Air Quality Management in the U.S."). NACAA also suggests allowing state and local agencies the flexibility to use some of the \$15 million for operating the monitors, rather than new-equipment purchases only, if that

makes the most sense in their circumstances. Such decisions would be determined by the state or local agency and the regional office. The association looks forward to working with EPA to fully develop funding allocation plans for monitoring networks. This includes identifying opportunities for disinvesting in current monitoring activities, along with providing realistic estimates of the associated cost savings.

EPA addresses disinvestment and other changes, including equipment replacement, in the guidance but the reality is available disinvestments are limited and when faced with doing so, state agencies have experienced push-back from EPA and the public. Only after additional discussions, have disinvestments been approved. Also, many state and local agencies are finding it very difficult, given current funding levels, to not only replace equipment but maintain existing equipment. EPA must allow state & local agencies flexibility in making necessary network changes. While this flexibility will certainly ease the burden on state and local agencies, NACAA believes that EPA may have overstated the cost savings of disinvestment and equipment replacement, which are not substitutes for adequate federal funding.

Collaboration regarding sustainable funding strategies should include proposed funding for photochemical assessment monitoring stations (PAMS), Interagency Monitoring of Protected Visual Environments (IMPROVE) sites and quality assurance. EPA is proposing to reserve 5 percent of FY 2012 PAMS funds for the purchase of new capital equipment, use \$150,000 prorated from each PAMS recipient to perform regional and national-scale assessments of the network and of the data, use \$3.8 million of FY 2012 funding for visibility monitoring at IMPROVE and Clean Air Status and Trends Network (CASTNET) sites, and allocate more than \$2 million in FY 2012 funds for quality assurance programs, including the Performance Evaluation Program (PEP) and National Performance Audit Program (NPAP). While NACAA generally supports these efforts, the association encourages EPA to work with state and local agencies to discuss the ongoing implementation and future needs of these programs before allocating specific funds. EPA should note that state and local agencies made clear recommendations in their five-year network assessments, submitted on July 1, 2010, regarding some of these programs and the association recommends they be strongly considered by the agency.

EPA is also proposing to transition funding for the PM_{2.5} monitoring network from Section 103 to Section 105, which requires matching funds from state and local agencies, over four years beginning in FY 2012. NACAA opposes this transition.

The PM_{2.5} monitoring program has traditionally been funded under Section 103 and this arrangement has worked very well in the past. These are the kinds of activities that Section 103 was intended to address. NACAA recommends that it continue for PM_{2.5} monitoring. Additionally, state and local agencies will face new and/or expanded monitoring efforts to address lead, nitrogen dioxide and air toxics. Since these are either start-up and/or expanded programs, it is especially important that they be well-funded and kept under Section 103 authority.

As you know, Section 105 calls for state and local air agencies to provide a 40-percent match, while Section 103 does not have this requirement. As a result of the difficult economic conditions we currently face, not all air agencies are in a position to increase their matching grants. Those that cannot would be unable to accept the grants for these important ongoing, expanded or new monitoring programs and may be forced to discontinue required monitoring at existing sites. Since these are nationwide monitoring efforts, NACAA believes the funding should be provided under Section 103 so it can be available for all, regardless of their ability to match the grants.

However, if EPA does go forward with plans to shift funding from Section 103 to Section 105 authority beginning in 2012, NACAA supports EPA's proposal to do so gradually. It is vital that funding levels not be decreased throughout the transition or thereafter.

Finally, NACAA encourages EPA's continued support for "hot-spot" community-scale air toxics monitoring. The association looks forward to working with EPA to meet the goals in the National Monitoring Strategy and continue to evaluate the expansion of the air toxics monitoring program.

Thank you for your consideration of our comments and recommendations. We look forward to discussing these issues with you. Please do not hesitate to contact us if you need additional information.

Sincerely,



Lynne A. Liddington
Knoxville, TN
Co-President of NACAA



David Shaw
New York
Co-President of NACAA

cc: Jerry Kurtzweg (kurtzweg.jerry@epa.gov)
William Houck (houck.william@epa.gov)
Daniel Hopkins (hopkins.daniel@epa.gov)