

MEMORANDUM

SUBJECT: Request for Input for the FY 1997 Grants Budget

FROM: John S. Seitz, Director
Office of Air Quality Planning and Standards (MD-10)

TO: Director, Air Pesticides and Toxics
Management Division, Regions I and IV
Director, Air and Waste Management Division,
Region II
Director, Air, Radiation and Toxics Division,
Region III
Director, Air and Radiation Division, Region V
Director, Air, Pesticides and Toxics Division,
Region VI
Director, Air Toxics Division,
Regions VII, VIII, IX and X

To foster partnerships between the Office of Air Quality Planning and Standards, Regions, States, local agencies, and Indian Tribes, I am revising the budget development process for FY 1997. In response to my discussions with Regions and State/local agencies at the Partnership in Environmental Planning meeting in July, I am initiating a process that will utilize the Regional, State, local and Tribal input in development of the FY 1997 budget request.

The OAQPS will be developing the FY 1997 budget for its respective programs in partnership with the Regions, States and Tribes, culminating in a meeting in early March 1995. The budget initiatives will build on the input we receive through this process over the next several months. This process is further defined in the attached schedule.

Background

Longer term process changes are needed to foster a partnership at all levels of air quality management activities.

Introduction of title V fee-supported programs changes existing relationships between EPA and State/local agencies, as well as the funding mechanism for a primary State program activity. Until now, section 105 grants have been used for all types of State air program activities with a major focus of effort and funding on stationary source permitting and compliance. Separation of permits and permits-related activities from grants funding will significantly change State air programs, affecting relationships with EPA and the availability of Federal funds. In addition, upcoming promulgation of the Tribes as States Rule will require new relationships and uses of Federal funding.

The process I am suggesting provides States with the opportunity to obtain the grant resources offset by permit fees for the unfunded mandates and under-funded CAA requirements. Examples include project-oriented programs currently being developed by OAQPS and States, such as Adopt-a-MACT, which address emerging State-specific concerns that can be funded through grants. These State-specific activities will satisfy regulatory mandates of particular interest to one or several States due to their respective emissions problems or source types. Projects of this nature will allow States to contribute to regulation that can be more efficiently and effectively implemented.

The difficulty of accomplishing CAA mandates requires us to work together more closely to achieve our air quality improvement objectives. To accommodate change and enhance our progress and productivity, I am proposing to initiate a 2-year grant cycle that will provide State and Regional input into an aligned planning, budgeting and grant award process. This integrated approach was discussed at our Partnership in Environmental Planning meeting in July. The 2-year cycle adapts to changes resulting from fee-supported operating permits programs and provides a framework that facilitates working together to accomplish mutual goals and required tasks based on consensus about what each does best.

Extending grants (and, accordingly, Regional MOA commitments) to a 2-year cycle will streamline the time and resources spent on the current annual overlapping budget and planning exercises. The longer cycle will also reduce unnecessary duplication resulting from institutionalized processes that need no longer occur on an annual basis. The

2-year framework both requires active input and allows the time for needed dialogue to occur at each level. Scheduling sufficient time and means to work in partnership in the process is critical to empowering Regions and States/Locals/Tribes. Joint budget development in the 2-year cycle is a critical element in allowing us to capture the opportunities and build the relationships necessary to support long-term success.

Input for FY 1997 Budget Development

In order to more effectively plan for the appropriate resources for air quality activities requiring grant support, I need the input of Regions and the air quality implementing agencies. To obtain the needed information, I am requesting from you a list of specific projects and/or additional activities that you, and your States/Locals/Tribes would like to undertake. These initiatives may be for activities to be conducted individually, as a group or in an active partnership with OAQPS. These initiatives must be consistent with CAA implementation objectives and not be covered by operating permit fees. These recommendations for FY 1997 grant supported initiatives will be further developed with your help at the March meeting. The products of this meeting will form the basis for OAQPS input to the OAR budget request for FY 1997.

In June, OAQPS distributed some recommended transitional activities for redirecting FY 1995 funds upon operating permit program approvals. (See memorandum from John Seitz on "Suggested Transitional Activities for FY 1995 State Air Grant Work Plans," June 8, 1994.) We would like to build on these activities with the States. Specific OAQPS priorities for working with States/Local agencies FY 1997 - FY 2000 include: building infrastructure through data collection and transfer and information sharing; MACT and urban monitoring for toxics; NAAQS revisions; and geographic and interstate initiatives. As additional guidance, I have attached a draft of our proposed program priorities for FY 1996 through 1998.

Please submit your list of FY 1997 State and Tribal grant budget initiative recommendations to OAQPS by January 6, 1995. If you have any questions about the request, the revised guidance or the budget development process, please call Jerry Stubberfield at 919/541-0876.

Attachment

cc: Mary Nichols

Dick Wilson
Ann Goode
Ieva Spons
Jerry Stubberfield
Rosalie Day
Bill Becker, STAPPA/ALAPCO

OAQPS:RDAY:JClevenger:1-0898:MD-11:11/9/94
Day--calbud97.mem

Schedule for Development of FY 1997 Grant Initiatives

- November 10, 1994 - Call memo issued requesting input from STAPPA/ALAPCO and the Regions for their respective States, local agencies, Indian Tribes.
- January 6, 1994 - FY 1997 budget recommendations due from Regions and STAPPA/ALAPCO.
- February 1, 1995 - OAQPS distributes draft FY 1997 budget initiatives to Regions, STAPPA/ALAPCO, Indian Tribes.
- Early March, 1995 - OAQPS hosts meeting to discuss FY 1997 budget initiatives with Regions, States, local agencies, and Indian Tribes.
- April 1, 1995 - OAR FY 1997 budget initiatives drafted and circulated for comment.
- April 15, 1995 - Comments due on FY 1997 budget initiatives.
- May 1, 1995 - Final OAR FY 1997 budget initiatives prepared.

NATIONAL PRIORITIES FOR FY 1996 -1998
Office of Air Quality Planning and Standards

NATIONAL AMBIENT AIR QUALITY STANDARDS

FY 1996 -98

- Review and revise the National Ambient Air Quality Standard (NAAQS) and develop associated implementation strategies for ozone focusing on the need for a new eight-hour primary standard and a new seasonal secondary standard. Develop appropriate modeling and monitoring capabilities to support revisions. **HQ**
- Accelerate the review and revision of the particulate standard (PM-10) and associated implementation strategies. Emphasize technical research focusing on new fine particle reference methods, emission inventories, surveillance requirements, and modeling guidance. **HQ**
- Assist in developing, approving, and supporting implementation of State rules required by the Clean Air Act (Act) for attainment of the National Ambient Air Quality Standard and Operating Permits Programs. **HQ/RE/ST**
- Continue activities to implement new source review (NSR) reforms. **HQ/RE/ST**
- Continue activities to complete the Photochemical Assessment Monitoring Station (PAMS) network for monitoring ozone precursors and integrate a toxics monitoring component. **HQ/RE/ST**

FY 1996

- Continue processing SIPs to avoid FIPs. **RE**
- Design and completion of studies which identify the upwind sources of NO_x and quantify their impacts. **HQ**
- Propose the revised ozone NAAQS and implementation strategy by April 1996. **HQ**
- Complete review and revision of the NO_x NAAQS and implementation strategy by March 1996. **HQ**

- Complete review of the SO₂ NAAQS and implementation strategy by February 1996. **HQ**
- Continue the accelerated review of the PM NAAQS and development of an implementation strategy. **HQ**
- Promulgate and implement a rule to reform the NSR process that provides more certainty and streamlined procedures for both regulators and the regulated community while maintaining or enhancing the environmental benefits of the NSR program. **HQ/RE**
- Establish and operate a third PAMS site in the remaining 18 areas with only two sites, and establish or enhance upper air meteorological monitoring in all 22 areas. Initiate plans for integrating toxics monitoring. **HQ/RE/ST**

FY 1997-98

- Continue processing SIPs to avoid FIPs. **RE**
- Develop Regional NO_x Strategies including development of a large scale market-based NO_x trading program and, where necessary, follow up to require additional emission reductions. **HQ/RE**
- Promulgate a revised ozone NAAQS and implementation strategy by May 1997. **HQ**
- Promulgate a revision to the PM NAAQS and implementation strategy by January 1997. **HQ**
- Initiate implementation associated with the revised ozone NAAQS. **HQ/RE**
- Initiate implementation associated with the revised particulate matter NAAQS. **HQ/RE**
- Establish monitoring for toxic organics, particulates and selected metals at 10 - 12 PAMS sites and continue efforts to complete the PAMS network of 5 monitoring stations in each of the 22 areas. **HQ/RE/ST**

AIR TOXICS

FY 1996 - 98

- Develop the standards, rules, and strategies (e.g., Maximum Achievable Control Technology (MACT) standards) consistent with statutory and court-ordered deadlines. Continue to strengthen partnerships with States, local agencies, and industry for developing MACT standards. **HQ/RE/ST**
- Develop integrated air toxic emission standards with other air, water, solid waste and "special interest" (i.e. great waters, urban area sources, environmental justice) program objectives. **HQ**
- Continue to implement the Common Sense Initiative approach in the development of regulations which fall within the 6 industries (auto assembly, electronics and computers, iron and steel, metal plating and finishing, petroleum refining, and printing). **HQ/RE**
- Continue activities to implement the air toxic program such as General Provisions section 112(l), Modifications 112(g), and potential to emit and assist Regions in making equivalency determinations under section 112(l).. **HQ/RE/ST**
- Identify conflicting requirements in the implementation of rules for toxics, NSR, operating permit program for all sources and take steps to better integrate clean air programs implementation. **HQ/RE/ST**
- Improve risk characterization methods and procedures to include better ways to estimate and communicate areas of uncertainties in the analyses. **HQ**

FY 1996

- Continue work on development of MACT standards for approximately 68 source categories and promulgate standards for 24 source categories by strengthening partnerships with States, local agencies, and industry for developing MACT standards. **HQ/RE/ST**
- Complete draft of the urban air toxics strategy to identify the most hazardous HAPs in urban areas. **HQ/RE**
- Begin work on some standards to address sources categories being identified in the urban air toxics study. **HQ/RE/ST**

- Initiate State toxic program startup reviews. **HQ/RE/ST**
- Assist Regions and States in implementation of the accidental release program under section 112(r).

FY 1997

- Continue development of our remaining seven and ten year MACT standards using MACT partnerships. **HQ/RE/ST**
- Promulgate MACT standards for 50 source categories. **HQ/RE/ST**
- Publish national strategy for urban air toxics and develop rules for appropriate sources. **HQ/RE/ST**
- Begin to assess the residual risk of selected MACT standards to determine the efficacy of the existing standards. **HQ**
- Expand public outreach to assist the public and sources with the requirements of newly promulgated standards. **HQ/RE/ST**
- Provide assistance to States with offset determinations to implement 112(g) requirements. **HQ/RE/ST**

FY 1998

- Continue development of our remaining seven and ten year MACT standards using MACT partnerships. **HQ/RE/ST**
- Continue to assess the residual risk of selected MACT standards to determine the efficacy of the existing standards. **HQ**
- Develop a process for assisting States with case-by-case MACT determinations under section 112(j). **HQ/RE/ST**

CLIMATE CHANGE

FY 1996 - 98

- Develop strategies to reduce traditional air pollutants that also serve to mitigate climate related emissions. Strategies will include fuel switching and energy

conservation for NO_x control that also provide significant reductions in CO₂ emissions. **HQ/RE/ST**

- Promote and expand increased flexibility in broad regional NO_x control programs for attaining the ozone standard in large portions of the eastern U.S. **HQ/RE/ST**
- Develop a seasonal NO_x budget in regions to promote demand side management to provide co-control of greenhouse gasses. **HQ/RE/ST**
- Promote some seasonal switching to natural gas as well as encourage sources to repower using inherently more efficient electrical generation technologies. **HQ/RE/ST**

FY 1996

- Conduct economic, modeling and policy analyses to support development of an integrated utility strategy recognizing multiple air pollution related controls. **HQ**
- Propose NO_x NSPS for utility boilers that includes incentives for energy efficiency. **HQ**

FY 1997

- Publish utility air toxics study which considers reduction strategies based on fuel switching and energy conservation. **HQ**
- Begin implementing an integrated utility strategy for control of greenhouse gases, NO_x, mercury, air toxics, ozone, acid rain, sulfates, new source review and other issues. **HQ/RE/ST**

FY 1998

- Promulgate NO_x NSPS for utility boilers. **HQ**
- Continue implementing an integrated utility strategy for control of greenhouse gases, NO_x, mercury, air toxics, ozone, acid rain, sulfates, new source review and other issues. **HQ/RE/ST**

CROSS-PROGRAM PRIORITIES

State and Local Operating Permit Programs

FY 1996

- Assist States in resolving issues for which interim approvals were granted, in fixing SIPs to provide linkage between source permits and SIPs, and in preparing to implement Federal programs where States have failed to do so. **HQ/RE/ST**
- Develop a review program to help States identify deficiencies in the implementation of State operating permit programs and assist States in improving operation of their programs **HQ/RE/ST**
- Assist States in making revisions to their operating permit programs based on changes to the State operating permit rule resulting from litigation. **HQ/RE**
- Provide technical assistance to States to conduct risk assessments to support States in conducting public hearings on permits. **HQ/RE/ST**

FY 1997

- Assist States in making revisions to their operating permit programs based on changes to the State operating permit rule resulting from litigation. **HQ/RE/ST**
- Initiate a review program to help States identify deficiencies in the implementation of State operating permit programs and assist States in improving operation of their programs and the quality of permit applications. **HQ/RE/ST**
- Implement Federal programs for States that fail to submit approvable programs. Delegate implementation of portions of Federal permit programs where possible. **HQ/RE**
- Provide technical assistance to States to conduct risk assessments to support States in conducting public hearings on permits. **HQ/RE/ST**

FY 1998

- Implement a review program to help States identify deficiencies in the

implementation of State operating permit programs and assist States in improving operation of their programs and the quality of permit applications
HQ/RE/ST

- Implement Federal programs for States that fail to submit approvable programs. Delegate implementation of portions of Federal permit programs where possible.
HQ/RE
- Provide technical assistance to States to conduct risk assessments to support States in conducting public hearings on permits. **HQ/RE/ST**

Ecosystem Protection

FY 1996 - 98

- Develop and implement strategic plans and regulatory actions to reduce the transport and atmospheric deposition of HAPs and criteria pollutants to the Great Waters and other critical ecosystems. Biennial reports to Congress will be presented in FY 1996 and FY 1998 . **HQ/RE/ST**
- Provide for regional haze monitoring network and development of regional haze reduction program. **HQ/RE/ST**
- Establish indicators, measurement and assessment techniques to evaluate success in meeting long-range ecosystems protection objectives. **HQ**
- Investigate and apply innovative methods for developing and implementing pollution prevention and control, and geographically-focused protection programs. **HQ/RE/ST**

FY 1996

- Review the Grand Canyon Commission work for its applicability in national rules, develop a draft policy review guidance package and prepare a draft rule, modeling guidance and monitoring plan. **HQ/RE**
- Biennial report will be presented to Congress on deposition of air pollutants in the Great Lakes. **HQ/RE**

FY 1997

- Promulgate final regional haze rules. **HQ**

FY 1998

- Biennial report will be presented to Congress on deposition of air pollutants in the Great Lakes. **HQ/RE**

Information Transfer

FY 1996 - 98

- Identify and reach consensus on a set of process indicators that will ensure effective tracking of progress in the Clean Air Act implementation. **HQ/RE/ST**
- Evaluate current Headquarters, Regional, and State and local information capabilities, establish a plan to match these capabilities, and work to upgrade capabilities that are deficient. **HQ/RE/ST**
- Upgrade system to keep pace with new technologies. **HQ/RE/ST**

FY 1996

- Pursue public and private partnerships to augment OAQPS's technical assistance efforts (i.e. RACT/BACT /LEAR clearinghouse) **HQ/RE/ST**
- Initiate scoping study for the replacement of the current AIRS data management system. Involve users in developing recommendations for a system incorporating advanced state-of-the-art technology. **HQ/RE/ST**
- Continue comprehensive upgrade/enhancements to AIRS AFS data entry procedures, e.g., batch upload procedures. **HQ/RE/ST**
- Assess the effectiveness of electronic data interchange (EDI) in ongoing regional and state projects to evaluate the applicability of EDI technology for other similar projects. **HQ/RE/ST**

FY 1997

- Complete scoping study for the next generation of the AIRS data system. **HQ/RE/ST**
- Implement streamlined AIRS AFS data entry procedures. Conduct intensive training with RO's and States. **HQ/RE/ST**

- Evaluate graphical user interfaces for the TTN to enhance user friendliness. **HQ/RE/ST**
- Initiate a pilot of LAN based systems for the TTN which will enable unlimited user access. **HQ/RE/ST**
- Document EDI successes from existing projects for potential use in other applications. **HQ/RE/ST**

FY 1998

- Begin the design of the next generation of AIRS. **HQ/RE/ST**
- Implement a graphical user interface for the TTN to enhance user friendliness. **HQ**

International Air Pollution

FY 1996-1998

- Implement Mexico/U.S. Border agreement to reduce air pollution problems along the border. Work on joint ozone study with Canada under the auspices of the U.S./Canada Clean Air Accord and coordinate efforts on hazardous air pollutants under the U.N. Economic Commission for Europe's Convention on Long Range Transboundary Air Pollution. Coordinate standards development activities with Canada and Mexico under NAFTA to move toward harmonization of standards where feasible. **HQ/RE/ST**
- Provide support to developing countries in preparing national inventories of greenhouse gases. Provide training and technical assistance on air pollution issues to the countries of Central and Eastern Europe and the Independent States of the old Soviet Union. **HQ**
- Provide database storage for the WHO Global Environmental Monitoring Systems air pollution subsystem (GEMS/AIR). Provide training and assistance to developing nations in participating in the GEMS/AIR program. **HQ**

FY 1996

- Provide direct technical emission reduction analyses of specific industrial plants on the U.S./Mexico Border. **HQ/RE/ST**

- Implement training program for State and local Mexican officials to implement and enforce Mexican air pollution standards. **HQ/RE**
- Perform analysis of regional ozone transport occurring between regions of the U.S. and Canada. **HQ/RE/ST**
- Work jointly with Canada on implementing a hazardous air pollutants program to level the playing field for U.S. industry. **HQ**
- Work with industry and government officials in Volgograd, Russia, to implement new air quality management system. **HQ**
- Publish compilation of WHO GEMS/AIR data. **HQ**

FY 1997

- Assist Mexican government in implementing overall air quality management plan for Border region. **HQ/RE**
- Study primary source areas and emission sources contributing to regional ozone transport between the U.S. and Canada. **HQ/RE**
- Assist developing nations in validating and improving the quality of their inventories of greenhouse gas emissions. **HQ**
- Perform trends analysis of WHO GEMS/AIR data to better characterize air pollution problems in urban areas internationally. **HQ**

FY 1998

- Continue implementation activities to reduce air pollution transport between the U.S. and Mexico. **HQ/RE/ST**
- Identify the control options and costs associated with reducing ozone transport between the U.S. and Canada. **HQ/RE**
- Work with Russian Federation to export program developed in Volgograd to other cities in Russia. **HQ**
- Provide specific technical assistance on the control of air pollution to high priority regions of the Western Hemisphere. **HQ**