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May 9, 2013

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

Dear Ms. Walters:

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's (EPA) *Draft Overview to EPA's Draft FY 2014 NPM Guidances* (April 11, 2013) and the *Review Draft OAR [Office of Air and Radiation] National Program Manager Guidance* (April 4, 2013) for Fiscal Year (FY) 2014.

NACAA is a national, non-partisan, non-profit association of air pollution control agencies in 43 states, the District of Columbia, four territories and 116 metropolitan areas. The air quality professionals in our member agencies have vast experience dedicated to improving air quality in the United States. These comments are based upon that experience. The views expressed in this document do not necessarily represent the positions of every state and local air pollution control agency in the country.

The draft guidance documents relate to the President's budget request for FY 2014, which, among other things, proposes to increase federal funding for state and local air quality grants by \$21.5 million over FY 2012 enacted levels (for a total of \$257.2 million). NACAA appreciates that the Administration's requested budget for FY 2014 calls for increases in grants for state and local air agencies. While the increases would not nearly address all the deficits that state and local agencies are facing, they would certainly be helpful as we carry out our responsibilities to protect public health and the environment.

NACAA has reviewed the draft overview, National Program Manager (NPM) guidance and appendices and would like to offer the following specific comments and recommendations.

New Structure of the Draft Documents

NACAA is pleased with the new structure of the draft overview and guidance. We commend EPA for issuing a more streamlined and better organized

set of documents that are easier to review. We hope EPA will use the new structure in the future and continue to seek ways to develop more user-friendly guidance.

Background Information on the FY 2014 NPM Guidances (Overview, page 1)

We commend EPA for stating in the draft Overview that it will “increase coordination and collaboration across the Agency and federal government and with states, tribes and other implementation partners” and “where appropriate, provide flexibility for states and tribes to achieve national program goals within existing laws, requirements, strategies, and guidance.” State and local air agencies have a great deal of expertise in implementing the Clean Air Act. It would help EPA to engage states and localities in consistent and meaningful ways, especially early on, when the agency initiates the development of rules, guidance and other policies and processes. Additionally, during difficult economic times, when hard choices may be required, it is especially important that EPA provide flexibility to its co-regulators to determine where to target scarce resources.

Introduction (Guidance, pages 1 and 2)

NACAA appreciates EPA’s recognition that state and local air agencies are co-regulators and should have a say in the decisions that affect the air program. Specifically, we were pleased that the draft acknowledged that there will not be sufficient resources for all activities and that priorities may vary throughout the nation. We support EPA’s statement that “regions can tailor work expectations and resource allocation to meet local circumstances, and work with air agencies to do the same, as long as priority work continues.” For example, state and local agencies should be given flexibility when meeting commitments for enforcement activities such as inspections. The guidance should state that identification of priorities within a region will be accomplished collaboratively among federal, state and local officials. Additionally, we applaud EPA’s recognition that “things change during the course of a year” and that EPA will work with air agencies to “adjust resources to meet changing priorities.”

Air Toxics Emissions Inventory (Guidance, page 11)

In section 2.5.4 (“Expected State and Local Agency Activities” for Air Toxics Program Implementation), the first item is “Prepare to submit data to the integrated 2014 emissions inventory due December 2015.” Is this the same as the 2014 National Emissions Inventory (NEI) identified on page 5 (section 2.1.4.3) under the NAAQS section? If it is the same inventory, then we suggest the agency use consistent terminology. If it is a different inventory, we recommend this be clarified in the guidance.

Continuing Air Program (Appendix B, page 1)

We are pleased that the FY 2014 draft guidance recognizes the critical importance of funding for state and local agencies’ core programs. Adequate resources are essential for our core programs, which include day-to-day activities that are the foundation of our efforts to protect public health and welfare. Specifically, we appreciate EPA’s explicit acknowledgement that the funding should support “continuing air programs,” as well as “expanded core state/local

agency work.” While addressing new efforts is important, the increase in funds should also be used to address some of the deficits in state and local resources that have existed for many years and support continuing activities that have been underfunded.

Monitoring (Appendix B, page 2)

As state and local agencies prepare to implement new monitoring requirements, NACAA recommends that EPA continue to work with these agencies to prioritize new monitoring equipment purchases and implementation over the next several years, and ensure that expectations for new monitoring are consistent with the funding available to support that monitoring both in amount and in timing. We recommend that EPA continue to work with the NACAA/EPA Joint Monitoring Steering Committee in determining the best use of scarce resources.

That would include identifying opportunities for disinvestment of existing monitoring activities and providing realistic estimates of the associated cost savings. While EPA addresses monitoring changes and equipment replacement in the draft guidance, the truth is that opportunities for divestments are limited. When recommending decreases in monitoring in the past, state and local agencies have experienced resistance from EPA and the public. Additionally, it is difficult for many state and local agencies to not only replace equipment but maintain existing equipment. EPA must allow state and local agencies flexibility in making necessary network changes. However, it is important to note that this flexibility, while necessary, is not a substitute for full federal funding.

EPA is proposing to shift funding for the PM_{2.5} monitoring network from Section 103 to Section 105 authority, which would require state and local agencies to provide matching funds. This transition is scheduled to take place over four years, beginning in FY 2014. The PM_{2.5} monitoring program has traditionally been funded under Section 103 and this arrangement has worked very well. NACAA recommends that it continue and, therefore, we oppose the transition of the program to Section 105 authority. We appreciate that the FY 2014 guidance recognizes for the first time that a shift from Section 103 to Section 105 would not justify reducing federal funding for monitoring by the amount of the 40-percent state/local match. However, the shift would still require state and local agencies to provide a 40-percent match, which not all agencies can afford in these difficult economic times. Those agencies that are unable to provide matching funds would not be able to accept the grants for these important monitoring programs. As a result, these agencies could 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 authority so it is accessible to all, regardless of their ability to match the grants.

Additionally, state and local agencies will face new and/or expanded monitoring requirements to address NO₂ and air toxics. Since these are either monitoring start-ups or expansions, it is critical that they be adequately funded under Section 103 authority.

Allowance Trading Program (Appendix B, page 2)

EPA proposes to use approximately \$2.3 million in state and local grant funds to operate the Clean Air Interstate Rule (CAIR) nitrogen oxide (NO_x) Ozone Season Trading Program. Once again, NACAA recommends that EPA fund the administration of the program in the same way that the Acid Rain program is administered – using funds from EPA’s own operating budget, not state and local air grants.

Training (Appendix B, page 5)

While EPA indicates that it is directing \$2 million in STAG funds for training, which we approve, it does not specify EPA’s financial commitment from agency funds for training. NACAA believes EPA should support the training program from its own operating budget.

Diesel Emission Reduction Program (Appendix B, page 5)

NACAA was disappointed to see that the President’s budget request for FY 2014 reduced funding for the Diesel Emission Reduction Act (DERA) program to \$6 million. This is a critical effort to address emissions from the large legacy fleet of diesel engines and state and local agencies will not be able to replace the reduced funding. We believe more funds should be made available for this program. That said, we appreciate that the President’s budget request did not fund DERA at the expense of the Section 103/105 grants and we strongly urge that any future increases to DERA not be in lieu of increases to state and local air grants. Additionally, since many of the DERA funds are not provided to state and local governments, we 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.

Other Issues

On December 3, 2012, NACAA responded to a request from EPA for input into the development of the program guidance for FY 2014. We are gratified to see so many of our recommendations incorporated into the draft guidance. However, we would like to reiterate several points that we did not see included in the draft overview or guidance. The following are excerpts of our recommendations from our previous letter:

Agriculture

- *Finalize emissions estimation methodologies for animal feeding operations (AFOs) to use to determine whether such operations are subject to the Clean Air Act.*

Enforcement

- *Work with state and local air agencies to devise air enforcement reporting requirements that are not overly burdensome and minimize resource demands while meeting EPA oversight requirements (i.e., assure EPA that delegated agencies are meeting federal*

grant commitments and provide information for the public that demonstrates state agency air pollution control program compliance and enforcement activities at stationary sources); and

- *Modernize the Air Facility System (AFS), while minimizing agency resource demands required to enter data, operate and maintain the system.*

Global Warming

- *Support state and local efforts to deploy energy efficiency and renewable energy.*

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,



Andrew Ginsburg
Oregon
Co-Chair
NACAA Program Funding Committee



Bruce Andersen
Kansas City, Kansas
Co-Chair
NACAA Program Funding Committee

cc: Marc Vincent