

MINUTES

NATIONAL ASSOCIATION OF CLEAN AIR AGENCIES BOARD OF DIRECTORS AND COMMITTEE CHAIRS' SPRING MEETING

Sunday, May 15, 2016

Drury Plaza Hotel
Santa Fe, New Mexico

NACAA Co-Presidents Stu Clark (WA) and Ursula Nelson (Tucson, AZ) called to order the NACAA Board of Directors and Committee Chairs' Spring Meeting at 8:30 a.m. In addition to Stu and Ursula, NACAA Board members present included Tad Aburn (MD), Anne Gobin (CT), Merlyn Hough (Springfield, OR), Craig Kenworthy (Seattle, WA), Dave Klemp (MT), William Montgomery (AR) on behalf of Stuart Spencer, Sam Rubens (Akron, OH), Bart Sponseller (WI), and Barry Stephens (TN). Committee Co-Chairs, who are not also Board members, in attendance included Charlene Albee (Reno, NV), Will Allison (CO), Mark Asmundson (Mt. Vernon, WA), Mike Dowd (VA), Lynn Fiedler (MI), Larry Greene (Sacramento, CA), Heidi Hales (VT), Lynne Liddington (Knoxville, TN), Ali Mirzakhilili (DE), Shelley Schneider (NE), Nancy Seidman (MA), and Erik White (Auburn, CA). NACAA staff present included Phil Assmus, Bill Becker, Mary Sullivan Douglas, Monique Faye, Nancy Kruger, Karen Mongoven and Stephanie Steigman. The meeting agenda is attached.

Implementing EPA's Clean Power Plan

NACAA's "Model State Plans"

Bill Becker (NACAA) presented a summary of NACAA's *Implementing EPA's Clean Power Plan: Model State Plans*, which was released to NACAA members on May 13, 2016. Bill noted that the document took more than two years to develop and is the result of an extensive review and comment process that included the NACAA Board of Directors, a 111(d) Steering Committee and feedback from NACAA members at previous membership meetings. The *Model* includes two complete example plan submittals – an initial plan submittal and a final plan submittal for a mass-based plan with the new source complement – as well as additional regulatory language examples for both rate- and mass-based state plan approaches. Bill also indicated that the *Model's* public release would be delayed for at least two weeks to give NACAA members an early opportunity to review the document and share it within their agencies. Several members commended NACAA staff on the quality of the *Model*.

Updates on State Planning Efforts

Larry Greene (Sacramento, CA), Co-Chair of the NACAA Global Warming Committee, led a roundtable discussion regarding state and local efforts to implement the Clean Power Plan. He opened the discussion by posing the following questions: 1) How has the Supreme Court stay affected your Clean Power Plan implementation efforts? 2) To what extent does your air agency remain engaged in developing approaches to reduce greenhouse gas emissions, either to implement the Clean Power Plan or in pursuit of a broader energy or climate strategy? 3) Whether you are moving forward with Clean Power Plan implementation or have scaled back your planning efforts, what can NACAA do to assist you?

Members reported a mix of experiences following the stay. Some agencies indicated that they had been directed to halt their implementation planning while others continue to plan for Clean Power Plan implementation or pursue even broader strategies to reduce greenhouse gas emissions.

Reactions to EPA's Allocation Formula for Section 105 Grants

Will Allison (CO), Co-Chair of the NACAA Program Funding Committee, reminded the members that the FY 2016 appropriations bill adopted in December 2015 instructed EPA to modify the formula for allocating state and local Section 105 air grants to take into account recent population and demographic shifts. EPA had developed a revised and updated Section 105 formula around 2010. At that time, NACAA opted not to engage in the issue of if or when EPA would implement the new formula because there were some members who stood to gain and others to lose funds as a result. In recent years, EPA had proposed phasing in a new formula, but each year, until FY 2016, Congress instructed EPA to continue using the existing formula.

After Congress acted in December 2015, EPA updated the data inputs for the formula and calculated a proposed regional allocation. In order to ease the phase-in, EPA stated that no regions would experience a decrease in FY 2016 and that the increases for the regions that are slated to get more would be phased in. EPA also committed to revisiting the formula this summer. The agency took comment on the proposal until April 20, 2016, and a final decision is pending. Will reported that EPA would hold conference calls in June to seek input from state and local agencies. He noted that EPA had asked if NACAA wished to update the principles the associations provided EPA in 2009 related to the development of an updated allocation scheme.

The members discussed the allocation formula and the reactions from the agencies in their regions. Some agencies plan to comment on the formula, including the data EPA is using (e.g., National Air Toxics Assessment). The Board and Chairs also discussed whether or not NACAA should provide updated principles and agreed that because this continues to be a controversial issue among the members, with some standing to gain and others to lose, it would be best if the association does not take any positions on it or develop updated principles.

NACAA's Proposed Recommendations for Distribution of VW Settlement Funds

Nancy Seidman (MA), Co-Chair of the NACAA Mobile Sources and Fuels Committee, reported that the membership would consider and vote on NACAA's *Proposed Recommendations on the Distribution of Funds for Environmental Mitigation and Supplemental Environmental Projects Related to Alleged Volkswagen Violations*. At their 2016 Winter Meeting in January, the NACAA Board of Directors and Committee Chairs directed that such recommendations be developed. The document was drafted and sent to the NACAA membership for review and comment on April 4, 2016. After the review period, the final proposed principles were sent to the members on April 18, 2016 for consideration prior to the May 17, 2016 Business Meeting.

Nancy briefly reviewed the contents of the document and stated that the Co-Chairs of the NACAA Enforcement and Compliance Committee and the Mobile Sources and Fuels Committee recommended that the Board recommend to the NACAA membership that it approve the document during the NACAA Business Meeting on May 17, 2016.

After a discussion, the group agreed to recommend a friendly amendment to the proposed document. The new language would emphasize that any additional funds that state and local agencies receive as a result of the Volkswagen matter should not result in a decrease in other funds provided to the agency. The members also wanted to ensure that state and local agencies would be entitled to funds to defray the administrative costs of a grant program (it was clarified that this already was language in the document to address that).

The Board and Committee Chairs agreed without objection that the proposed document, with the proposed amendment, should be presented to the membership at the May 17 Business Meeting with the Board and Chairs' recommendation that it be approved.

Experiences Related to Release of ALA's State of the Air 2016

Lynne Liddington (Knoxville, TN), Co-Chair of the NACAA Criteria Pollutants Committee, led a discussion for the purpose of sharing how the American Lung Association's (ALA) *State of the Air 2016* report rolled out in members' respective state and local areas in April; what, if anything, the news stories were; and what reactions were to the report in their respective jurisdictions.

While several members reported that *State of the Air 2016* received no press coverage in their areas and they received no calls, others reported that there was considerable coverage.

In the case of the latter, many frustrations were expressed over ALA's methodology for assigning grades and ranking areas noting that there is nothing to distinguish the great differences in circumstances between areas that may have received the same grade. For example, all areas that received a grade of "F" are not the same; some are not even nonattainment areas. Garfield County, Colorado was ranked as having the 25th worst air quality in the nation based on 2012 data. However, the Sunlight Peak monitor is at an altitude of 10,600 feet, experiences stratospheric ozone intrusion and is not representative of general populations in Garfield County, and the county is not in nonattainment.

Numerous members indicated that the local press does not understand or accurately report the factors at play and simply report bad grades or rankings as described in ALA's press release. Various state and local agencies now spend significant time and resources responding to the media and/or putting out their own reports.

The group discussed the possibility of having a conversation with ALA about its approach to the report and the kinds of messages that could be conveyed.

Discussion of EPA's Proposed Regional Haze Rule Revisions

Tad Aburn (MD), Co-Chair of the NACAA Criteria Pollutants Committee, led a discussion of EPA's May 4, 2016 proposed revisions to the Regional Haze Rule. The intent of the discussion was for members to share their perspectives on provisions of the proposed rule.

Tad advised the members that NACAA will hold a call on the Regional Haze Rule proposal on May 31 with EPA joining for the first part to answer questions, and just NACAA members for the second part to discuss potential comments.

Among the aspects of the proposal that Tad raised for discussion were ones to:

- 1) Extend by three years the State Implementation Plan (SIP) submittal deadline for the second regional haze planning period (covering 2019 through 2028) from July 31, 2018 to July 31, 2021 (SIPs for the first planning period, to cover 2008 through 2018, were to have been submitted in 2007);
- 2) Adjust the deadlines for interim progress reports so that the report for the second planning period is due January 31, 2025, the report for the third planning period is due July 31, 2033 and subsequent reports are due every 10 years thereafter;
- 3) Remove requirements that interim progress reports be in the form of a SIP revision;
- 4) Replace the recurring process of assessing reasonably attributable visibility impairment (RAVI) with an as-needed approach and extend the applicability of RAVI to all states, rather than only those with Class I areas; and
- 5) Require that states consult with Federal Land Managers earlier in the SIP development process and also on the progress reports.

Preparation for “Face the Air Directors” Session with Janet McCabe

Ursula Nelson (Tucson, AZ) opened the floor for suggestions of topics to raise with EPA Acting Assistant Administrator Janet McCabe during the “Face the Air Directors” session at the Membership Meeting. The group identified the following potential topics: 1) changes to the reallocation formula and the extent to which EPA should be able to take money from Section 105 grants without states’ permission; 2) what should EPA’s priorities be as it approaches the end of the Obama Administration; 3) CSAPR updates; 4) EPA’s plans for tightening NO_x standards for heavy-duty trucks; 5) issues that EPA may incorrectly believe have been “resolved,” such as wood heater pollution; and 6) enforcement, and whether Janet has recommendations for fostering a good relationship with the Office of Enforcement and Compliance Assurance.

Discussion of Future Board Meetings and Announcement of Dates and Locations of Upcoming Meetings

Bill Becker reviewed the schedule for upcoming NACAA meetings:

- NACAA 2016 Summer Board of Directors and Committee Chairs Meeting, August 6-8, 2016 in Seattle, WA (Sheraton Seattle);
- NACAA 2016 Fall Membership Meeting, October 17-19, 2016 in Minneapolis, MN (Loew’s Minneapolis Hotel); Board of Directors and Committee Chairs Meeting, October 16, 2016;
- NACAA 2017 Winter Board of Directors and Committee Chairs Meeting: date and location still to be determined; and
- NACAA 2017 Spring Membership Meeting, likely in Washington, DC in May; hotel and exact dates to be determined; Board of Directors and Committee Chairs Meeting to take place one day earlier.

NACAA Co-President Ursula Nelson noted that there were lengthy discussions of potential changes to future Board of Directors and Committee Chairs meeting formats at the winter meeting in Charleston, and no decisions were reached. NACAA Co-Vice President Craig Kenworthy (Seattle, WA), who raised some of those issues in Charleston, suggested that the

group should now focus on where the Winter 2017 meeting should be held and not on the schedule. The members raised several suggestions: Little Rock, Nashville, New Orleans and Memphis. Bill said that NACAA staff will investigate these options.

NACAA Business

Approval of Board/Committee Chairs' 2016 Winter Meeting Minutes

The State Agency Members and the Local Agency Members of the NACAA Board, in separate votes, unanimously approved the minutes of the 2016 Board of Directors and Committee Chairs' Winter Meeting.

Financial Reports

Bill Becker reported on the association's finances, including both federal and non-federal funds. Bill noted that the association is in good financial shape, in part due to additional funding from the Energy Foundation, the Virginia Department of Mines, Minerals, and Energy and the National Association of State Energy Officials (NASEO). NACAA continues to seek additional outside funding to cover any future funding shortfalls that may occur in order to maintain the smooth operation of the association.

Bart Sponseller (WI) asked if NACAA has a contingency plan in place if there was an interruption in funds from the federal government. Bill noted that a good portion of NACAA's investment funds are liquid and offered to follow up with more specific information. (Bill subsequently sent an email to the Board and Committee Chairs to specify that about 70 percent of NACAA's investment funds can be drawn on without penalty. The remainder would require a fee to liquidate.)

Update on NACAA Investments

NACAA's investment portfolio has fared well in the first quarter, although there was significant market volatility during the period. That short-term market volatility, however, was well within the expected range of returns for the portfolio. Bill recommended that the association continue to rely on the disciplined approach outlined in its investment policy statement as guiding principles for how to manage NACAA's investment portfolio.

Act on Board Vacancies

With the recent retirement of Dave Shaw (NY-Region 2) and the forthcoming retirement of Barry Stephens (TN-Region 4) the NACAA Board of Directors needs to fill two seats on the Board until the next election (2016 Fall Membership Meeting). Based on the recommendations of the Region 2 and Region 4 states, the State Agency Members of the Board approved the following interim appointments: Region 2 – Steve Flint (NY), effective immediately; Region -- Dallas Baker (MS), effective July 1, 2016.

New Business

There was a short discussion about increasing participation by state and local member agencies. The Board and Chairs plan to discuss this further at their 2016 Summer Meeting in Seattle.

Adjourn

The NACAA Board of Directors and Committee Chairs' Meeting was adjourned.

FINAL AGENDA

**NATIONAL ASSOCIATION OF CLEAN AIR AGENCIES
BOARD OF DIRECTORS AND COMMITTEE CHAIRS' MEETING**

**Sunday, May 15, 2016
8:30 a.m. – 12:30 p.m.**

**Palace Ballroom
Drury Plaza Hotel
Santa Fe, New Mexico**

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| 7:00 a.m. – 8:30 a.m. | Hotel Breakfast Buffet (in hotel lobby) |
| 8:30 a.m. – 8:45 a.m. | Introductions |
| 8:45 a.m. – 9:15 a.m. | Implementing EPA's Clean Power Plan <ol style="list-style-type: none">1. NACAA's "Model State Plans"2. Updates on State Planning Efforts |
| 9:15 a.m. – 9:45 a.m. | Reactions to EPA's Allocation Formula for Section 105 Grants |
| 9:45 a.m. – 10:05 a.m. | NACAA's Proposed Recommendations for Distribution of VW Settlement Funds |
| 10:05 a.m. – 10:25 a.m. | Experiences Related to Release of ALA's <i>State of the Air 2016</i> |
| 10:25 a.m. – 10:45 a.m. | Discussion of EPA's Proposed Regional Haze Rule Revisions |
| 10:45 a.m. – 11:00 a.m. | Break |
| 11:00 a.m. – 11:30 a.m. | Preparation for "Face the Air Directors" Session with Janet McCabe |
| 11:30 a.m. – 12:00 p.m. | Discussion of Future Board Meetings and Announcement of Dates and Locations of Upcoming Meetings |
| 12:00 p.m. – 12:15 p.m. | NACAA Business <ol style="list-style-type: none">1. Approval of Board/Committee Chairs' 2016 Winter Meeting Minutes2. Financial Reports3. Update on NACAA Investments4. Act on Board Vacancies5. Other |
| 12:15 p.m. – 12:30 p.m. | New Business |
| 12:30 p.m. | Adjourn |