

MINUTES

STAPPA AND ALAPCO BOARDS OF DIRECTORS AND COMMITTEE CHAIRS SUMMER MEETING

**July 29-31, 2006
Grand Traverse Hotel
Acme, Michigan**

I. Introductions – Saturday, July 29, 2006

The Boards of Directors and Committee Chairs Summer Meeting was called to order. STAPPA Board Members present at the meeting were Eddie Terrill (OK), Shelley Kaderly (NE), Andy Ginsburg (OR), Nancy Seidman (MA), David Shaw (NY), Joyce Epps (PA), Vince Hellwig (MI) and Don Vidrine (MT). ALAPCO Board Members present at the meeting were John Paul (Dayton, OH), Gary Young (Des Moines, IA), Ursula Kramer (Tucson, AZ), Arturo Blanco (Houston, TX) and Lynne Liddington (Knoxville, TN). Committee Chairs present included Mary Boyer (CA), Jack Broadbent (San Francisco, CA), Cory Chadwick (Cincinnati, OH), Bob Colby (Chattanooga, TN), Larry Greene (Sacramento, CA), Brock Nicholson (NC), David Thornton (MN), Dick Valentineti (VT) and Art Williams. STAPPA/ALAPCO staff present included Bill Becker, Mary Sullivan Douglas and Amy Royden-Bloom. The meeting agenda is attached.

II. Update on NACAA – Saturday, July 29, 2006

Bill Becker updated the group on the merger of STAPPA and ALAPCO into NACAA, noting that good progress had been made since the memberships approved the merger at the 2006 Spring Membership Meeting. Applications for trademarking the association name and acronym had been filed, as had an application for a 501(c)(3) exemption with the IRS. Bill explained that once the 501(c)(3) exemption is approved the merger will become final and a 45-day "Extended Transition Period" will begin, during which the STAPPA and ALAPCO Boards of Directors become the NACAA Board and the first NACAA election will be held. Bill also outlined the nomination procedures for the first NACAA election.

III. Legislative Update – Saturday, July 29, 2006

Bill Becker provided an update on legislative activities.

With respect to fuels, there was a draft bill introduced by Rep. Barton (R-TX), Chairman of the House Energy and Commerce Committee, which would have further limited the number of so-called "boutique" fuels from the seven allowed by last year's Energy Policy Act to three, or possibly four. Bill mentioned that he had testified twice before Mr. Barton's Committee on behalf of the associations, opposing the bill; in his testimony he noted that states are already constrained in their ability to adopt "boutique" fuels under the Clean Air Act and the Energy Policy Act, and that there had been no case made for imposing additional obstacles to state adoption of clean fuel programs.

Bill indicated that Congress is also considering modifying refinery permitting requirements. The legislation at issue is H.R. 5254, the "Refinery Permit Process Schedule Act," introduced by Rep. Bass (R-NH) and others. Bill noted that he had presented the associations' testimony before the Senate (the House did not have hearings), opposing the bill's provisions.

Next, Bill provided an update on appropriations. He mentioned that the President's budget for FY 2007 proposed a funding cut for state and local air quality grants of \$35.1 million, from \$220.3 million to \$185.2 million. Of the amount reduced, \$17 million would be from the Section 103 PM monitoring grant program. The remaining monitoring funds (\$25 million) would be shifted from Section 103 authority to Section 105 authority. The President's budget called for \$49.5 million for the diesel retrofit program, which is about a \$37-million increase over last year's amount. Bill reported that the House of Representatives voted on the appropriations bill (H.R. 5386) on May 18, 2006, calling for \$220.3 million for state and local air grants (restoring funds to FY 2006 levels) and \$28 million for the diesel retrofit program. The Senate Appropriations Committee marked up the bill on June 29, 2006. The Committee called for \$200 million for Sections 103/105 – which is \$15 million more than the President's request and \$20 million less than FY 2006 – and \$20 million for the diesel retrofit program. The bill has not yet been voted on by the full Senate, nor has floor action been scheduled.

Bill then gave an update on the status of multi-pollutant legislation in this Congress. He indicated that momentum was building behind the "Clean Air Planning Act of 2006" (S. 2764), which was introduced in May by Senator Carper (D-DE). The bill is a modified version of multi-pollutant legislation Carper introduced in the last Congress and would reduce power plant mercury, nitrogen oxide and sulfur dioxide emissions by 2015 and cap carbon dioxide emissions at 2006 levels by 2010 and reduce them to 2001 levels by 2015. Carper's bill is a significant improvement over his earlier one, primarily because it does not include many of the rollbacks – notably, NSR – that he had included previously.

Finally, Bill discussed the latest on PM, and reported it was recently the subject of two Congressional hearings. At issue is the extent to which Congress is contemplating changing the process for setting NAAQS and, in particular, possibly injecting costs into the standard-setting process. Senator Voinovich (R-OH), the Chairman of the Environment and Public Works Subcommittee on Clean Air, mentioned this in a press conference he had prior to a PM hearing earlier this month. John Paul (Dayton, OH) testified at the Senate hearing on behalf of both his own agency – RAPCA – and STAPPA and ALAPCO. His testimony reflected the comments the associations made to EPA in response to EPA's proposed NAAQS – namely, to follow the recommendations of CASAC, the independent science advisors.

IV. Committee Reports on Critical Issues and Related Discussion – Saturday, July 29, 2006

Program Funding

Andy Ginsburg (OR), STAPPA Co-Chair of the Program Funding Committee, indicated that the regional offices have requested information from state and local agencies about how much they spend on activities related to four pollutants: carbon monoxide, sulfur dioxide, lead and nitrogen oxides. The President's FY 2007 budget request specifically called for cuts related to activities to address those four pollutants.

Several members indicated that they do not track expenditures according to pollutant. After a discussion, the members indicated that they would like to learn more about why EPA is collecting the information and how the agency plans to use it.

Andy reported that the STAPPA/ALAPCO Monitoring Committee had held preliminary discussions with EPA about how to allocate to the regions the possible cuts to FY 2007 PM fine monitoring funds (the President's request for FY 2007 called for a \$17-million reduction). Among the options the Committee had discussed were to reduce each region's allocation proportionally, with FY 2006 as the basis. However, some regions had already made cuts in recent years and felt that using FY 2001 as the base year for calculating the cuts would be more equitable. Another option was to average the FY 2001 and FY 2006 amounts and use the result as the base amount. Following a lengthy discussion about the pros and cons of each option, the Program Funding Committee (comprised of the STAPPA and ALAPCO Boards of Directors and Committee Chairs) voted 18 to 3 to use FY 2006 as the base year. Among the reasons for doing so were because it would be less arbitrary than selecting a different year and because FY 2006 is the base year for calculating possible cuts in Section 105 (i.e., non-monitoring) grants.

The members then discussed EPA's effort to develop a formula to reallocate the distribution of Section 105 grants to the regions and what role STAPPA and ALAPCO would play in the process. The group agreed that STAPPA and ALAPCO should have a smaller workgroup that would participate with EPA in the effort and that the STAPPA/ALAPCO workgroup should report back to the full Program Funding Committee (i.e., Boards and Committee Chairs) and the full membership. The workgroup should include one member from a state or local agency in each EPA region. Several members were identified immediately, while others were to be named later in the meeting.

The group discussed EPA's timeline for developing the revised allocation scheme and agreed that it is more important to do it properly than quickly. The members then discussed whether they should develop recommendations related to changing the formula first or principles for implementing the reallocation. They voted to work on the reallocation itself first, followed by a strategy for implementing any reallocation (12 voted for the formula first, one voted to develop an implementation strategy first and 7 voted for a hybrid approach).

The participants briefly considered several possible options for implementing any reallocation. These included phasing in changes over several years (e.g., X percent per year), limiting the amount of change each year, developing a hardship fund for agencies that will be hardest hit, and limited application of changes (e.g., only if there are additional funds). The group generally favored an approach that would phase in any changes in the allocation. The members then discussed some of the criteria that may be covered in the reallocation discussions, including air quality, population, the cost of core programs, transport and emerging issues.

The members agreed that follow-up should include finalizing the selection of the members of the STAPPA/ALAPCO workgroup, scheduling a meeting of the workgroup, communicating with the Program Funding Committee and meeting with EPA.

With respect to the FY 2008 budget, the members discussed what, if anything, they have heard about possible budget issues in the coming year.

V. Committee Reports on Critical Issues and Related Discussion – Sunday, July 30, 2006

Training

Eddie Terrill (OK), STAPPA President, discussed the training resolution that his commissioner planned to raise at the upcoming ECOS meeting during the Air Committee session. The resolution supports the STAPPA/ALAPCO National Training Strategy and STAPPA/ALAPCO's efforts to obtain funding for training, including through SEPs.

Mary Boyer (CA), STAPPA Co-Chair of the Training Committee, provided an update on implementation of the National Training Strategy. She described a meeting with EPA to talk about implementing the strategy, at which Adam Kushner of EPA OECA offered to make five enforcement engineers on his staff available to develop and give air enforcement courses. She then turned to options for funding universities for training in FY 2008 (using FY 2007 money, as training is forward-funded). She described the three options for funding developed by the Training Committee, and noted that all the MJOs support Option 2, but for FY 2007 only. Option 2 directs EPA to issue an RFP in the amount of \$300,000 for a national provider to provide classroom courses across the country and to distribute the remaining \$420,410 to the MJOs so that all groups receive extra money and "underfunded" MJOs receive the most funds. It was noted that in some areas, local air agencies are not technically members the MJO and some requests for training by local agencies have been denied by the state. It was suggested that a condition of the money for MJOs be that training is available to all local agencies, regardless of whether they are members of the MJO. A motion was made to support Option 2 for FY 2007 only, with the permanent condition that MJOs make all training available to all states and localities in their geographical area, regardless of whether those states or localities are members of the MJO, and to states and localities in other geographical areas, space permitting. The motion passed unanimously.

External Relations

Larry Greene (Sacramento, CA), ALAPCO Co-Chair of the External Relations Committee, reported on the three areas on which the Committee has focused its efforts: tribal issues, donations of monitoring equipment and air quality at the North American borders. He indicated that the Committee Chairs are recommending there be a session at the membership meeting about border activities.

Monitoring

Dick Valentinetti (VT), STAPPA Co-Chair of the Monitoring Committee, provided an update on issues the Committee is tracking. He noted that the Monitoring Steering Committee has expanded to include additional members, including from Michigan and Minnesota. He encouraged attendees to send staff to the upcoming Air Monitoring National Conference to be held the first week of November in Las Vegas, Nevada. He provided an update on the QA/QC program. Finally, he discussed the IMPROVE program and cuts in EPA funding, which have led to developing a list of IMPROVE sites to cut and criteria to use in deciding whether to eliminate these sites. He encouraged people who want to get more involved in IMPROVE to contact him.

NSR

John Paul (Dayton, OH), ALAPCO Co-Chair of the NSR Committee, discussed three major NSR developments. First, he noted that the Supreme Court agreed to hear the Duke Energy case and that the associations submitted an *amicus curiae* brief that is available on Air Web. He then reviewed the NSR report just released by the National Academy of Sciences. Finally, he said that the proposed debottlenecking/aggregation rule is currently at the Office of Management and Budget (OMB). He noted that there would be an NSR Committee conference call the following week and that EPA would provide a two-page summary, but not the draft rule, for the call.

Public Education and Communications

Cory Chadwick (Cincinnati, OH), ALAPCO Co-Chair of the Public Education and Communications Committee, reported that over 400 people attended the Communicating Air Quality/Communities in Motion conference held this past February in San Antonio, Texas. This conference combined two conferences that had been held separately in the past: Communicating Air Quality and the National Air Quality Conference. The next conference will be held sometime in mid-February or mid-March 2007 in the Southeast.

Permitting

Ursula Kramer (Tucson, AZ), ALAPCO Co-Chair of the Permitting Committee, updated attendees on the Title V Task Force. EPA categorized the task force recommendations and created a matrix of the recommendations. EPA will talk about implementation of the recommendations at the next CAAAC meeting; Ursula encouraged people to attend both the subcommittee and full CAAAC meetings. Shelley Kaderly (NE) said EPA is focusing on the recommendations related to best practices and streamlining permits. She said that EPA is also developing a roadmap of permitting program innovations, with the goal to speed up permitting. The Permitting Committee is seeking to be part of those discussions.

Mobile Sources

Nancy Seidman (MA), STAPPA Co-Chair of the Mobile Sources and Fuels Committee, provided an update. NESCAUM is taking the lead on developing a model rule for chip reflash and OTC has talked to LADCO about collaborating on this. She asked whether states outside of OTC and LADCO would be interested in using this rule. Potential legal issues related to adoption of the rule were discussed. STAPPA/ALAPCO's legal challenge to EPA's aircraft engine emission standards was also discussed; the associations obtained *pro bono* counsel to write the brief and otherwise represent them in this case. With respect to I&M, Nancy noted that representatives of 26 state and local air agencies met with EPA OTAQ, including Margo Oge, at a May 16, 2006 summit. Following the summit, STAPPA/ALAPCO received a letter from Margo stating that EPA OTAQ supports I&M and will work with state and local air agencies on these programs. A second letter confirming commitments made at the summit was expected from EPA shortly.

Air Toxics

Vince Hellwig (Michigan), STAPPA Co-Chair of the Air Toxics Committee, reported on recent Committee activities, including the publication of STAPPA/ALAPCO's Polyvinyl Chloride model Maximum Achievable Control Technology limits, comments on EPA's proposed Residual Risk standard for the Hazardous Organic NESHAP, discussions on standards for cement plants and collaboration with the Quicksilver Caucus (QSC) on mercury efforts. Vince specifically discussed a QSC program to address the removal of mercury switches from cars. He noted that a draft agreement between ECOS, EPA and the industry could include a provision that discourages the ability of states to be more stringent than the agreement.

John Paul (Dayton, OH) reported that STAPPA and ALAPCO have been holding monthly calls to discuss state efforts to develop programs to address mercury emissions from power plants. There has been good participation on the calls. States are required to develop their plans, pursuant to the Clean Air Mercury Rule, by mid-November 2006.

Global Warming

Art Williams (Louisville, KY), ALAPCO Co-Chair of the Global Warming Committee, provided an update on state and local activities addressing global warming, including resolutions adopted by the WRAP and the U.S. Conference of Mayors. He also noted the success of the associations' Clean Air and Climate Protection Software. He said there is a critical mass of greenhouse gas registries – California has a voluntary one, NESCAUM is developing one for the Northeast and LADCO is interested in one for the Midwest – such that discussions have begun on a possible multi-state registry. There are several lawsuits related to global warming, and one has reached the Supreme Court – Commonwealth of Massachusetts v. EPA, which deals with the issue of whether EPA has the authority to regulate emissions of greenhouse gases from motor vehicles under the Clean Air Act and, if it does, whether EPA properly declined to regulate these emissions. There are states on both sides of the case. Art recommended that the associations consider filing an *amicus* brief in this case; Bill Becker indicated the associations could likely obtain *pro bono* counsel if they decided to file such a brief. After much discussion, it was agreed that the group would return to the issue during the discussion of "New Business" the next day.

VI. Development of Fall Membership Meeting Agenda – Monday, July 31, 2006

Bill Becker reviewed a list of possible sessions for the upcoming STAPPA/ALAPCO Fall Membership Meeting, which will be held in October 2006 in San Antonio, Texas. The members discussed the suggested sessions and made recommendations for specific topics that could be included on the panels, as well as individuals who could be invited as luncheon speakers. During the discussion, the members recommended that the EPA Regional Offices be encouraged to send representatives to the meeting.

VII. Miscellaneous – Monday, July 31, 2006

Financial Statements

Bill Becker reported on grant and non-grant finances, noting in particular that all of STAPPA and ALAPCO's finances were in good order. He noted that the associations were not spending as much on membership travel. He also reported that people like the new online meeting registration system and the ability to pay by credit card.

Future Meeting Locations and Dates

Bill Becker reminded members that the 2006 Fall Membership Meeting would take place in San Antonio, Texas on October 23-25, 2006 and the 2007 Winter Board and Committee Chairs Meeting would take place at the Portola Plaza Hotel in Monterey, California on January 27-29, 2007. For the 2007 Spring Membership Meeting, the group recommended that the associations pursue a southeastern location or, at the suggestion of Art Williams, Louisville, Kentucky, as it is easy to get to and affordable. For the 2007 Summer Board and Committee Chairs Meeting, the group recommended a location in Colorado, such as Keystone, Copper Mountain or Boulder. For the 2007 Fall Membership Meeting, the group suggested San Diego, California.

VIII. New Business – Monday, July 31, 2006

Special Funding Allocation Workgroup

Representatives on the special funding allocation workgroup are:

- Region 1 – Dick Valentinetti (VT)
- Region 2 – Dave Shaw (NY) or Bill O'Sullivan (NJ)
- Region 3 – Joyce Epps (PA) or Roger Westman (Pittsburgh, PA)
- Region 4 – Brock Nicholson (NC) or Keith Overcash (NC)
- Region 5 – John Paul (Dayton, OH)
- Region 6 – Eddie Terrill (OK)
- Region 7 – Bruce Andersen (Kansas City, KS)
- Region 8 – Don Vidrine (MT)
- Region 9 – Mary Boyer (CA)
- Region 10 – Andy Ginsburg (OR)

Shelley Kaderly (NE) and Gary Young (Des Moines, IA) will also sit in on the discussions, in their capacity as the associations' Vice Presidents. Eddie Terrill (OK) and John Paul (Dayton, OH) will remain on the workgroup even after their tenure as Presidents ends, to maintain regional representation.

Supreme Court Litigation

The group returned to the discussion of whether STAPPA and ALAPCO should file an *amicus* brief in Massachusetts v. EPA. Art Williams (Louisville, KY) said that the associations have a unique perspective to bring on this issue. Larry Greene (Sacramento, CA) said that we could make a difference on this very important national issue. Brock Nicholson (NC) noted that North Carolina is developing a climate action plan and this is a states' rights issue. Others expressed concern that this is a divisive

issue. Larry Greene asked whether framing the argument as a states' rights might make a difference. It was agreed that staff would write up a summary of the issues at stake in the litigation, the top issues the petitioners are arguing and the main arguments the associations could put forth, and also confirm the filing deadline and whether *pro bono* counsel is available. A conference call would be scheduled in the next few weeks to further discussion the issue.

Clean Cars Defense Media Plan

Bill apprised the group that the Energy Foundation would give STAPPA/ALAPCO a \$10,000 grant to support states' ability to adopt the California car standards. By unanimous voice vote, the Boards of Directors approved acceptance of this grant.

Other Business

John Paul (Dayton, OH) reported that the associations' committees were mostly moving to conference calls every other month. There were no objections.

AGENDA

STAPPA AND ALAPCO BOARDS OF DIRECTORS AND COMMITTEE CHAIRS SUMMER MEETING

July 28-31, 2006
Grand Traverse Hotel
100 Grand Traverse Village Blvd.
Acme, MI 49610

Saturday, July 29, 2006

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| 7:30 a.m. – 8:30 a.m. | Registration and Continental Breakfast |
| 8:30 a.m. – 9:00 a.m. | Introductions and Review of Agenda |
| 9:00 a.m. – 9:15 a.m. | Update on NACAA |
| 9:15 a.m. – 10:00 a.m. | Legislative Update <ul style="list-style-type: none">• Fuels• Permitting• Appropriations• Particulate Matter |
| 10:00 a.m. – 10:15 a.m. | Break |
| 10:15 a.m. – 12:15 p.m. | <u>Committee Reports on Critical Issues and Related Discussion</u> <ul style="list-style-type: none">• Program Funding (120 minutes) |
| 12:15 p.m. | Lunch |

Sunday, July 30, 2006

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| 7:30 a.m. – 8:30 a.m. | Continental Breakfast |
| 8:30 a.m. – 10:00 a.m. | <u>Committee Reports on Critical Issues and Related Discussion</u> <ul style="list-style-type: none">• Training (75 minutes)• External Relations (15 minutes) |
| 10:00 a.m. – 10:15 a.m. | Break |
| 10:15 a.m. – 12:00 noon | <u>Committee Reports on Critical Issues and Related Discussion</u> <ul style="list-style-type: none">• Monitoring (10 minutes)• NSR (25 minutes) |

Sunday, July 30, 2006, (continued)

- Public Education and Outreach (10 minutes)
- Permitting (15 minutes)
- Mobile Sources and Fuels (20 minutes)
- Air Toxics (25 minutes)
- Global Warming (15 minutes)

12:15 p.m.

Lunch

Monday, July 31, 2006

7:30 a.m. – 8:30 a.m.

Continental Breakfast

8:30 a.m. – 9:30 a.m.

Development of Fall Membership Meeting Agenda

9:30 a.m. – 10:00 a.m.

Miscellaneous

- Financial Statements
- Future Meeting Locations and Dates

10:00 a.m. – 10:30 a.m.

New Business

10:30 a.m.

Adjourn