



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JUN 4 1985

PLAINTIFF'S EXHIBIT

SH-2660

OFFICE OF
AIR AND RADIATION

SUBJECT: Allocation of Section 105 Grant Funds and Negotiation
of Grant Awards for FY 1986

FROM: Charles L. Elkins, Acting Assistant Administrator
Office of Air and Radiation

TO: Regional Administrators, Regions I - X

I have outlined below the bases for allocating the section 105 air quality grant funds among Regional Offices in FY 1986. I have also described the general ground rules that Regional Offices should follow in negotiating the final grant awards for FY 1986. The allocations and ground rules reflect the results of the State and local air program resources study and the impending Agency policy on performance-based grants.

The President's FY 1986 budget request for section 105 grants totals \$95.0 million. The FY 1986 allocation of the \$95.0 million among Regional Offices is based on estimates of the resources needed by State and local agencies to carry out new high national priority requirements, replace worn-out air quality monitors, meet existing high national priority requirements, and maintain base programs. The amounts allocated for each of these general categories of activities are shown below.

Category	Available Funding
Carry out new requirements	9,690,000
Replace worn-out monitors	2,000,000
Implement existing requirements and maintain base programs	83,344,000
Total	\$95,034,000

We also intend to reprogram \$3.0 million to provide State and local agencies with additional funds to carry out initiatives in the Agency's air toxics strategy. This reprogramming will bring the total funds available to State and local agencies in FY 1986 to \$98.0 million. The distribution of the additional funds, as well as the allocation of the \$1.5 million already identified for these initiatives, will be announced later this year. Regional allocations for acid rain emission inventories and for visibility monitoring will also be announced later in the year.

LAM 003688

DFMC-09779

Allocations to Meet New Requirements

In FY 1986 States will have to carry out a number of activities that they generally have not been required to do in the past. These activities and the grant dollars allocated nationally to carry out the activities are shown below. Individual Regional allocations for these new activities are included in Attachment A.

Activity	Available Funding
Begin development of PM ₁₀ SIPs	2,000,000
Implement air toxics referrals	1,500,000
Implement the NESHAPs for asbestos	1,400,000
Implement compliance strategy for Class B VOC sources	1,000,000
Develop new anti-tampering programs	940,000
Meet stack height requirements*	700,000
Establish visibility monitoring network*	500,000
Develop acid rain emissions inventory	500,000
Develop new vehicle inspection programs	450,000
Establish PM ₁₀ monitoring networks	400,000
Promulgate court-ordered TSP SIPs*	300,000
Total	\$9,690,000

Allocations to Replace Monitors

Based on a 1984 survey, approximately 20 percent of existing air quality monitoring instruments are in poor condition. Because of the national need for comprehensive, high quality information to manage clean air programs, \$2.0 million in grant funds is being allocated in FY 1986 to help provide for orderly upgrading of monitoring networks. The distribution of these funds among Regional Offices is also shown in Attachment A.

Allocations to Implement Existing Requirements and Maintain Base Programs

A total of \$83.3 million will be allocated among Regional Offices in FY 1986 to fund the implementation of existing high national priority requirements and the maintenance of base programs. This amount is approximately 88 percent of the total grant funds requested for FY 1986 and about 92 percent of the grant funds appropriated for FY 1985. The Regional allocations for FY 1986, shown in Attachment A, were made on the basis of the percent of the total grant funds received by each Region in FY 1985.

* Activities with mandatory outputs.

LAM 003689

Negotiating Commitments with State and Local Agencies

In negotiating FY 1986 grants, Regional Offices and State and local agencies must agree on specific outputs from certain types of activities and identify the amount of grant funds that will be used to complete these outputs. Specific outputs must be negotiated for three types of activities: new high national priority requirements, monitor replacement, and existing high national priority requirements. The categories of new requirements and monitor replacement are described above. The existing requirements that require special attention include:

- Correct deficient Part D SIPs*
- Implement Part D commitments*
 - Regulations and strategies for VOCs and carbon monoxide
 - Upgrading of vehicle inspection programs
- Correct major TSP SIP deficiencies identified through litigation*
- Complete lead SIPs required by settlement agreement*

Specific types of outputs are identified in Attachment B. Certain categories of outputs are mandatory. These include three categories of new requirements that are the result of litigation: stack heights, visibility monitors, and court-ordered TSP SIPs. These also include all categories of outputs for existing high priority national requirements. These outputs are all necessary to respond to litigation, meet statutory deadlines, or complete EPA administrative actions. Mandatory outputs categories are identified by the asterisk in the two lists in this memo and in Attachment B.

If State and local agencies do not agree to complete the mandatory outputs, then Regional Offices must arrange to complete the outputs using contractor assistance. The contract work will be funded using the money that would otherwise have gone to the grantee.

Report on Outputs

Regional Offices will be required to report the outputs negotiated with State and local grantees and the status of these outputs on a quarterly basis. Reporting requirements will be described in a separate memo and will be based on discussions with your staff. Regional Offices may also negotiate outputs, in addition to those in Attachment B, to implement Region-specific priorities.

* Requirements with mandatory outputs.

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Because these allocation and negotiation procedures are new, I expect that there will be questions about their implementation. Please call Jack Hidingar at 382-7415 for assistance in answering these questions and resolving any issues that may arise.

cc: Gerald Emison
Richard D. Wilson
John Wise

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DFMC-09782

Attachment A

REGIONAL ALLOCATIONS OF SECTION 105 GRANT FUNDS FOR FY 1986
(Dollars in thousands)

	Region										
	I	II	III	IV	V	VI	VII	VIII	IX	X	TOTAL
<u>New Requirements</u>											
PM ₁₀ SIPs	22.0	64.0	186.0	64.0	540.0	250.0	106.0	128.0	390.0	250.0	2000.0
Air toxics referrals	*	*	*	*	*	*	*	*	*	*	1500.0
Asbestos NESHAPS	185.0	205.0	175.0	160.0	190.0	150.0	70.0	60.0	145.0	60.0	1400.0
Class B source compliance	60.0	200.0	110.0	60.0	110.0	90.0	30.0	60.0	250.0	30.0	1000.0
New anti-tampering programs	40.0	100.0	80.0	80.0	170.0	215.0	45.0	25.0	55.0	130.0	940.0
Stack height requirements	60.0	48.0	94.0	92.0	194.0	54.0	28.0	38.0	38.0	54.0	700.0
Visibility monitoring	*	*	*	*	*	*	*	*	*	*	500.0
Acid rain emissions inventory	*	*	*	*	*	*	*	*	*	*	500.0
New I/M programs	50.0	-	-	200.0	-	-	-	-	-	200.0	450.0
PM ₁₀ monitoring network	16.0	16.0	32.0	59.0	79.0	23.0	57.0	73.0	9.0	36.0	400.0
Court-ordered TSP SIPs	-	-	-	-	300.0	-	-	-	-	-	300.0
Interim Subtotal	433.0	633.0	677.0	715.0	1583.0	782.0	336.0	384.0	887.0	760.0	9690.0
<u>Replace Monitors</u>	101.0	320.0	240.0	358.0	273.0	151.0	158.0	75.0	246.0	78.0	2000.0
<u>Existing Requirements and Base Program</u>	6319.0	9529.0	9905.0	11208.0	17000.0	8153.0	4134.0	4306.0	7731.0	5059.0	83344.0
Interim Allocation	6853.0	10482.0	10822.0	12281.0	18856.0	9086.0	4628.0	4765.0	8864.0	5897.0	92534.0
FY 1985 Allocation	6644.0	10019.7	10366.3	11980.8	17875.6	8574.0	4347.4	4528.0	8129.7	5319.2	87784.7
Unallocated Grant Funds											2500.0
Air Toxics Supplement											3000.0
Grand Total for FY 1986											98034.0

* Allocation to be determined at a later time.

Attachment B

OUTPUTS TO BE NEGOTIATED WITH STATES FOR FY 1986

CATEGORIES OF NEW REQUIREMENTS	SPECIFIC OUTPUTS
PM ₁₀ SIPs	Schedule of commitments leading to an approved SIP Completed commitments
Air toxics referrals	To be determined
Asbestos NESHAPs	Total number of notifications Total number of inspections Total number of enforcement actions
Class B VOC source compliance	Inventory of significant Class B VOC sources
New anti-tampering programs	New programs established
Stack height requirements*	Approved SIP revision
Visibility monitoring*	To be determined
Acid rain emissions inventory	To be determined
New I/M programs	Schedule of commitments leading to an approved operating program Completed commitments
PM ₁₀ monitoring network	Total number of instruments purchased Total number of sites in operation
Court-ordered TSP SIPs*	Schedule of commitments leading to an approved SIP Completed commitments

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REPLACE MONITORS	SPECIFIC OUTPUTS
	Total number of ozone and carbon monoxide instruments purchased
	Total number of new instruments in operation
CATEGORIES OF EXISTING REQUIREMENTS	SPECIFIC OUTPUTS
Correct deficient Part D SIPs*	Approved SIP revision
Implement Part D commitments*	
Regulations and strategies for VOCs and carbon monoxide	Completed commitments
Upgrading of vehicle inspection programs	Completed commitments Completed upgrading to correct deficiencies found in program audits
Correct major TSP SIPs*	Schedule of commitments leading to an approved SIP Completed commitments
Complete lead SIP*	Approved SIP revision

*Categories with mandatory outputs

LAM 003694

1440-09781