



IMPACT ANALYSIS: AIR PROGRAMS

The following is summary of the impacts of the reduction in funding from the budget released by the Senate Finance Committee.

Summary of Reduction

| <u>Fund</u> | <u>Title</u> | <u>Amount of Reductions</u> | |
|-------------|-----------------------------------|-----------------------------|--------------------|
| | | SFY 2010 | SFY 2011 |
| 4T30 | Clean Air-Title V Permit Program* | \$973,897 | \$1,373,604 |
| 5420 | Risk Management Reporting* | \$10,224 | \$10,224 |
| 5920 | Anti-Tampering Settlement | \$ 1,053 | \$ 1,053 |
| 5BC0 | Local Air Pollution Control** | \$954,586 | \$1,162,586 |
| 5BC0 | <u>Air Pollution Control**</u> | <u>\$2,849,604</u> | <u>\$3,187,604</u> |
| | Total Reduction | \$4,789,364 | \$5,735,071 |
| | Total LAA Reduction | \$1,285,711 | \$1,629,611 |
| | Total Ohio EPA/DAPC Reduction | \$3,503,653 | \$4,105,460 |

* decrease based on decreased spending authority

** decreased based on elimination of \$1 MSW Fee Increase

Includes reductions related to State Implementation Plan (SIP) Program and Air Monitoring Program

I. Impact on Air Permitting for Major and Minor Sources

The Title V permit program is fee-based and staff is responsible for the review and permitting of existing new, and modified major sources of air pollution. The air permit fees are shared with the local air agencies (LAAs), so this cut will impact staffing at both Ohio EPA and LAAs. Minor source permitting is funded through both non-Title V fees and funding from 5BC.

The air program currently regulates over 11,500 industrial facilities through the permit program. Of these, around 600 are large facilities (large industrial facilities like automobile assembly facilities) covered by the Title V permit program and the rest (medium size and small businesses) are covered by the State of Ohio air permit program. Any facility cannot legally install an air pollution source without first obtaining an installation permit. Any facility cannot legally operate an air pollution source without first applying for a permit that allows operation.

The most time sensitive of these permits is the installation permit. Obtaining an air pollution installation permit (Permit to Install or "PTI") is always on the "critical path" for any new project because the permit must be obtained before construction can begin.

The Division of Air Pollution Control (DAPC) currently issues about 600 installation permits per year that covers an estimated 3,000 individual air pollution sources.

Approximately 80% of the 5BC funds received by Ohio EPA's DAPC are used for permitting activities, while 67% of the 5BC funds received by the LAA are used for permitting activities.

1. **Reduction in permit staff.** Reduction in permit staff – Ohio EPA will reduce the number of staff assigned to permitting by 28.9 positions in 2010, and an additional 5.85 positions in 2011 (for a total of 34.75 positions). The Local Air Agencies would also reduce permitting staff by 9.4 positions in 2010 and an additional 2.7 positions in 2011 (for a total of 12.1 positions). Overall, this is approximately a 25% reduction in air permitting staff over the biennium.
2. **Delay in issuance of minor source permits to install and operate (PTIOs).** The annual permitting workload would be divided among fewer staff, resulting in significant delays in the issuance of PTIOs. To respond quickly to a rapidly changing marketplace, businesses need to make changes to their operations that require a new permit or modification of an existing permit. Ohio EPA has worked hard over the past several years to reduce permit processing timelines to help the state stay competitive in attracting and retaining business operations. Directly reducing the Agency's permitting staff will cause delays in permit issuance and make Ohio a less attractive place for both new businesses looking to locate here and existing businesses wishing to expand their operations.
3. **Increase in time to issue permits and reduced resources for major new projects.** For many major projects, Ohio EPA has implemented a team approach to permitting, where technical staff from the district/LAA work directly with DAPC, Central Office staff from the onset of the air permit application review process. Recent examples of success in using this approach include permitting projects for AMP-Ohio, New Steel International, V&M Star, GM and others. This collaborative approach helps ensure that major projects get through the permitting process efficiently and with minimal duplication of efforts between the field office and central office. Businesses participating in this type of collaborative permitting have provided very positive feedback on their experience and effectiveness of this approach. With a reduction in permitting staff FTEs, Ohio EPA will no longer have the ability to devote several technical staff in the air program to work concurrently on large projects. These reductions will severely impact Ohio EPA's ability to meet the very aggressive time lines demanded by these projects.
4. **Reduced ability to expedite permits.** Ohio EPA accommodates requests to expedite the processing of permits to install to assist businesses in meeting critical construction time frames. One example of this is the "rush list," maintained by the DAPC Columbus office that provides businesses with the

opportunity to move up in priority on the review list for projects where there will be a significant economic impact associated with delay in permit processing. Fewer staff working on permits means that Ohio EPA will have the reduced ability to expedite permits.

5. **Reduced ability to develop tools to increase permit efficiency.** For the past several years, Ohio EPA has evaluated strategies for improving air permit efficiency. Since 2004, Ohio EPA has developed 28 air “general permits.” These general permits contain boilerplate language that applicants can choose as an alternative to a case-by-case traditional permit-to-install, and have a streamlined processing time of approximately 45 days. To date, Ohio EPA has issued over 250 general permits. DAPC is currently working with the aggregate industry to develop general permits for quarry operations. There are also multiple other general permit categories that DAPC would like to develop when time allows.

Permit-by-rule (PBR) provisions in Ohio’s regulations allow for companies to confirm compliance with permitting provisions with a simple, one-page notification. These general permits and PBR provisions have been very helpful to small businesses, particularly challenged in navigating regulatory permitting processes. During the past year, DAPC has processed over 1,200 PBRs for individual air pollution sources. With fewer staff devoted to permitting, Ohio EPA will not have the ability to develop more of these innovative tools to assist businesses because all staff resources will be devoted to processing the permits that are being requested.

II. **Impact on State Implementation Plan Program**

Ohio EPA is required to prepare state implementation plans by U.S. EPA, as outlined in the Clean Air Act. State Implementation Plans can take several forms, from the development of plans which will demonstrate how areas will attain the national ambient air quality standards (NAAQS) to plans which provide for how an area will maintain acceptable air quality. Ohio EPA also prepares and submits requests to U.S. EPA to modify, revise or update existing plans. Additional SIP related documents also need to be generated when a new or revised NAAQS is promulgated by U.S. EPA.

Ohio EPA current devotes 10 positions to the preparation of State implementation plans

1. **Reduction in staff.** Three positions will be eliminated from the SIP staff; a reduction of 30%.
2. **Reduced ability to develop acceptable attainment demonstrations, including timely redesignation requests.** Failure to submit an adequate SIP or revise a SIP to keep up with changing federal law can result in a

variety of consequences, including U.S. EPA “bumping up” a region in Ohio to a higher level of nonattainment or imposing economic sanctions such as the loss of federal highway funds. This impact on industry can be profound as businesses face more stringent air pollution control requirements. Such requirements may practically prohibit the location of new industrial sources or the expansion of existing industrial sources.

3. **Reduced ability to get timely concurrence from U.S. EPA on proposed rule changes in the SIP that might benefit industry.** When Ohio EPA has identified a change to the SIP that lessens the regulatory burden on industry while still protecting public health, it must seek approval from U.S. EPA for a SIP revision. This requires extensive air quality analysis to demonstrate that air quality is still protected. Less staff will reduce Ohio EPA’s capability to put together an adequate SIP revision request.

III. Impact on Ambient Air Monitoring

DAPC operates a comprehensive air quality monitoring network which is used to measure Ohio’s compliance with national ambient air quality standards. Ohio has one of the country’s most extensive air pollution monitoring networks, with 230 ambient monitors maintained by Ohio EPA (DAPC and Local Air Agencies). A limited number of monitors are operated by facilities or by U.S. EPA (or its contractor) as part of specialized studies. Monitoring activities are funded by Title V fees, federal grant monies, and 5BC funds.

Ohio is responsible for maintaining this monitoring network to ensure: (a) timely monitoring data, (b) all monitors meet U.S. EPA’s standards for data capture and accuracy, and (c) data is verified. Staff set up monitors, service the units, collect filters from monitors on a set schedule, and analyze the data from the monitors for quality assurance.

1. **Reduction in monitoring staff.** Ohio EPA would reduce monitoring staff by 2 total positions in 2010. Local air agencies would reduce 3 positions in FY2010, and an additional .7 positions in 2011 (for a total of 3.7 positions).
2. **Inability to change filters on the required set schedule would result in invalid samples.**
3. **Inability to timely service and repair monitors would lead to a loss of monitoring data.** Lost data can impact Ohio EPA’s ability to redesignate areas to attainment which can result in the need to continue enforcing more stringent requirements for industry than necessary.
4. **Possible delay in siting and operating new monitors required by U.S. EPA to address revised national ambient air quality standards for lead.**

5. **Inability to conduct specialized monitoring studies, such as studies to evaluate airborne toxics.** These studies are often coordinated with the Health Department in response to a concern regarding the public health.

IV. **Impact on Risk Management Plan Program**

This fee-based program provides staff to review plans (called Risk Management Plans or RMPs) from large facilities that use hazardous chemicals. The RMPs are required under U.S. EPA regulations and outline the steps companies are taking to prevent and respond to accidental releases on their sites. Ohio EPA also inspects facilities to determine if they are complying with the Risk Management Plan regulations. Approximately 500 facilities submit Risk Management Plans. Ohio EPA inspects 100 facilities each year. The reduction in spending authority will reduce the RMP staff by 0.1 FTE.

1. **Reduction in timely review of Risk Management Plans.** Currently, this program is underfunded and this further reduction will mean that there will be fewer resources available to review the plans submitted by entities to ensure they are adequately prepared to respond to a significant release of hazardous chemicals.
2. **Reduction in the number of facilities inspected.** The number of inspections conducted by Ohio EPA would decrease. While DAPC conducts inspections at approximately 100 facilities each year, the number of inspections would be reduced by at least 5 per year.

VI. **Additional Impacts**

Potential Loss of Federal Grant

The Clean Air Act's Section 105 continuing air grant program contains cost-sharing requirements applicable to eligible state, and local air agencies. For state, and local air agencies, the eligible section 105 agency must provide a minimum match of 40% (60% maximum federal share) of the overall approved section 105 work program costs.

Grants may not be awarded to air pollution control agencies selected for award if the entity is unable to meet a required match. If funding for DAPC and the local air agencies is cut, Ohio EPA and the local air agencies may no longer be eligible for the federal Section 105 grant, and lose \$4.5 million in annual funding. The federal grant is used to fund approximately 34 positions. These funds supplement the following programs: non-Title V permitting, air toxic studies, ambient air monitoring, compliance and enforcement activities, and State Implementation Plan development.