



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Stephen A. Owens
Director

September 13, 2004

Ms. Debra K. Davenport, CPA
Auditor General
2810 North 44th Street, Suite 410
Phoenix, AZ 85018

Re: Performance Audit and Sunset Review—Air Quality Division

Dear Ms. Davenport:

The Arizona Department of Environmental Quality appreciates the opportunity to respond to the Air Quality Division (the Division) performance audit report. The report is a useful assessment of the Division's efforts to improve air quality throughout Arizona and to ensure compliance by major sources of air pollution. We thank the Office of the Auditor General for its effective communication throughout the audit process.

As the audit report reflects, the Division's mission is "to control present and future sources of air pollution to protect the environment and ensure the health and general welfare of the citizens of Arizona." The Division achieves its mission through monitoring air quality throughout Arizona, issuing permits to industrial sources of air pollution, inspecting those facilities and taking action to bring facilities into compliance, among other initiatives and responsibilities. We have continued to improve air quality in much of Arizona despite significant reductions to the Department's and the Division's budget and personnel.

The Department recently has made significant achievements in air quality initiatives and improvements. For example, in 2003, the Department received the annual Clean Air Award from the American Lung Association of Arizona in recognition of the Department's successes in improving air quality in Arizona. Additionally, throughout 2003, the Department worked constructively with stakeholders and the U.S. Environmental Protection Agency (EPA) to designate the boundaries for the Phoenix area eight hour ground-level ozone nonattainment area within the northeastern portion of Maricopa County and a very small portion of northern Pinal County. The Department's effective effort avoided imposition of EPA's presumptive boundary, which would have placed the entirety of both Maricopa County and Pinal County in the new non-attainment area.

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The Department also is proud of our Children's Environmental Health Project (Project), which focuses on reducing environmental risks to children's health in Arizona, including particularly the effect of air quality on childhood asthma and other respiratory illnesses. The Department is working with the Arizona Department of Health Services to assess the extent to which specific environmental factors are related to asthma events. In the summer of 2003, nearly a year in advance of the federal imposition of the standard, we began forecasting and widely reporting a new eight hour ground-level ozone standard, which is more protective of children's health. Children are at risk from exposure to harmful ozone because they are active outside, playing and exercising, and the Department's ozone forecasts allow parents and caregivers to adjust outdoor activities accordingly. The Department, in cooperation with Maricopa County, provides daily forecasts of ozone, particulate matter, and carbon monoxide levels, and announces appropriate health advisories on our web site.

Further, as part of the Project, in August of this year, the Department, in cooperation with several school districts in Arizona, launched an innovative pilot program to reduce children's exposure to harmful diesel emissions from buses idling near schools. Key elements of the pilot program include having drivers turn off buses upon arrival at a school and not restart the engine until the bus is ready to depart. Diesel emissions can aggravate respiratory illnesses, such as asthma, and have been linked to lung and heart disease. One of the components of diesel emissions, carbon monoxide, also can reduce alertness and learning capacity in children.

In addition, the Department employs a Hazardous Air Response Team (HART) to provide air quality monitoring and forecasting during emergency situations. HART uses a mobile air quality monitoring van, as well as portable monitoring devices, to collect air quality information necessary to develop public health advisories when smoke or other emissions threaten public health. HART has monitored smoke from several major fires in Arizona, including the Rodeo-Chediski fire in 2002, the Aspen fire in 2003, and the Willow and Nuttall fires in 2004. Also, in November 2003, HART monitored potentially hazardous air emissions from a chlorine spill at a chemical facility in Glendale.

As the audit report recognizes, Arizona is committed to improving visibility levels by reducing haze in the state's urban areas, national parks and wilderness areas and has taken a leadership role on these issues in the Southwest. Indeed, in 2003 Governor Napolitano became Co-chair of the Western Regional Air Partnership (WRAP), a collaborative effort of state and tribal governments and various federal agencies to implement the recommendations of the Grand Canyon Visibility Transport Commission and to develop the technical and policy tools needed by western states and tribes to comply with the EPA's regional haze regulations. With Governor Napolitano as the WRAP Co-chair, the Department is playing an even greater role in the effort to improve visibility and air quality in Arizona and other western states.

The Department also is implementing several special air quality studies in sister cities along the U.S.-Mexico border. A study of Nogales, Arizona and Nogales, Sonora is completed and the study of Douglas, Arizona and Agua Prieta, Sonora is in the final stages. In 2005 we will begin a major study of air quality in the area of Yuma, Somerton and San Luis, Arizona and San Luis Rio Colorado, Sonora. By assessing the current air quality problems, these studies will allow communities to identify and implement appropriate remedial measures and thereby benefit children and others living in these border communities.

FINDING 1: DIVISION EFFORTS POSITIVELY IMPACTING ARIZONA'S AIR QUALITY

As the audit report indicates, in spite of Arizona's rapid population growth and challenges associated with our state's climate and terrain, 15 of the 20 areas of the state once designated as not meeting air quality standards now enjoy healthful air quality. In addition to the efforts discussed in the audit report, the Department continues to work with local and regional agencies in the metropolitan Phoenix area to reduce particulate pollution, as well as meeting the new, more stringent eight-hour standard for ozone.

Moreover, in Yuma, we have submitted to EPA a Natural Events Action Plan to control particulate pollution and are working closely with local governments and other stakeholders to develop a new plan to show how the area will continue to meet the standard for particulate matter.

FINDING 2: DIVISION GENERALLY ADDRESSES VIOLATIONS BY MAJOR SOURCE FACILITIES WITHIN SPECIFIED TIME FRAMES

Assuring compliance with environmental laws is a priority for the Department. The Division has made many improvements to its enforcement process in recent years. For example, the Division has created for all major source facilities detailed inspection checklists, which identify every applicable air quality standard or requirement for each facility. The Division also recently employed new comprehensive complaint and enforcement tracking databases to ensure complaint responses and enforcement actions progress adequately.

The Division addresses violations quickly and effectively. This includes the imposition of appropriate penalties to deter future violations. In 2001, for example, ADEQ collected the largest state-only air quality penalty in the United States for violations at the North Star Steel facility in Mohave County, valued at \$7.75 million. Most recently in fiscal years 2003 and 2004, the Department assessed \$501,180 in penalties for air quality violations, including Valley Refining for operation of a refinery without a permit (\$75,180), APS Cholla power plant for burning unauthorized liquid wastes (\$200,000) and Cyprus Sierrita for operation without a proper permit (\$140,000).

Ms. Debra Davenport

September 13, 2004

Page 4 of 4

RECOMMENDATION

1. To help ensure facilities with violations are notified within the required 45 days, the Division should consider:
 - a. Setting in policy specific time frames for each step in the enforcement action review and approval process.
 - b. Creating a report of all pending enforcement cases to alert both the manager and inspector of its status: division management should ensure that these reports are reviewed weekly.

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Thank you for the opportunity to respond to the performance audit and Sunset review for the Air Quality Division.

Sincerely,

Stephen A. Owens
Director