UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF:

JUN 17 2009

(A-18J)

Daniel Murray
Assistant Commissioner
Office of Air Quality
Indiana Department of Environmental Management
100 North Senate Avenue
Indianapolis, Indiana 46204-2251

Re: FY 2010 Preliminary CAA Continuing Air Environmental Program Grant Allocation and Guidance

Dear Mr. Murray:

I am writing to provide Region 5's preliminary Fiscal Year (FY) 2010 allocation of Clean Air Act (CAA) Continuing Air Environmental Program grant funds. To assist you in the development of your air pollution control program work plan, or Air portion of your Environmental Performance Partnership Agreement (EnPPA), I have included the link to the Office of Air and Radiation's (OAR) FY 2010 National Program and Grant Guidance, and a tool my staff have created to assist you with developing your work plan. The purpose for providing this information is to ensure you have the information you need to apply for an early award, so your agency has funding to implement your air pollution control program at the very start of the new fiscal year.

Indiana's preliminary allocation estimate for FY 2010 is $3,454,270. Please be advised that this preliminary allocation is only an estimate. Congress and the President have yet to approve a final allocation to the U.S. Environmental Protection Agency for the FY 2010 air program. The final level and distribution of FY 2010 grant resources will be determined by the appropriations bill ultimately enacted for FY 2010.

In the absence of the President's FY 2010 budget for EPA, Region 5 has developed a draft preliminary allocation based on the FY 2009 enacted budget level (Enclosure A). For planning purposes we will accept applications based on the FY 2009 enacted budget level. In the event the President's FY 2010 budget is not approved and a Continuing Resolution is passed, submitted applications may be based on the FY 2009 enacted budget amount. However, I ask that you be prepared for a different scenario should the Congress pass an appropriation for EPA.

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To assist you with your application, OAR's Final FY 2010 National Program and Grant Guidance, dated April 28, 2009, can be found at http://www.epa.gov/ocfo/npmguidance/. This document describes OAR's implementation priorities and milestones for FY 2010. Please pay particular attention to Appendix A – "Supplemental Information and Guidance for Outdoor and Indoor Air Quality Programs Funded with FY 2010 State and Tribal Air Grant Funds", which provides information on the use of the prospective allocation of FY 2010 state, local and tribal assistance agreements. Please note that OAR anticipates issuing an addendum to the FY 2010 national guidance in early July. That addendum will include a proposed FY 1010 allocation and guidance updates on things like Great Lakes and Lead Monitoring; and perhaps Climate Change, Regional Haze and Federal Implementation Plans. We will alert you when the addendum is made available.

Also, I am pleased to provide for your consideration and use, a planning tool developed by Air and Radiation Division project officers and program staff. I hope you find this tool helpful in the development of your continuing air pollution control program work plan for FY 2010. The attached document contains what we believe are the essential air program elements in an easy to follow format. Please feel free to use this as you wish, i.e. as a reference as you develop your work plan, or even adopt the format as your work plan, filling in your state's specifics air program outputs and measures. Our goal in creating this document is to help you reduce and/or streamline your work plan development process, and ensure the essential air program elements are covered in your work plan. We hope this will result in minimizing your time and effort spent developing the work plan, and also reduce the review and negotiation process for both of our agencies.

Inclusion of PM 2.5 Monitoring Program in Section 105 Grant – Similar to last year, the President's FY 2010 budget requests proposed inclusion of the PM 2.5 monitoring program into the CAA Section 105 award or Performance Partnership Grant (PPG) instead of under the CAA Section 103 authority. As mentioned above, Region 5 will accept applications for FY 2010 that do not include PM 2.5 activities. However, if the President's budget is passed as proposed on this issue, we expect for you to amend your award to include these activities beginning April 1, 2010, at the President's requested budget level.

Regarding the Preliminary Region 5 FY 2010 Section 105 allocations for Region 5 states, for program funding, we employed the same distribution approach as we used in FY 2009, with the exception of the allocation for lead activities, which we are distributing based on dedicated funding identified for each state to support activities associated with lead monitoring. The state's allocations are based on: 1) for 95 percent of the funding, the percentage of funds allocated to each state in FY 2009; 2) for the remaining 5 percent, the State's year 2008 population data; plus, 3) each state's specific allocation for lead monitoring. We then adjusted each allocation for line items that are discussed individually below.

Line items include a $250,000 set aside for the Lake Michigan Air Directors Consortium (LADCO) and $95,000 from each LADCO member state (with the exception of Illinois based on the understanding that the Illinois Environmental Protection Agency will directly fund LADCO). Thus, we allocated a total of $630,000 in grant funding to LADCO.

membership dues to the National Association of Clean Air Agencies (NACAA) off the top of the Regional allocation, and will adjust each individual State's allocation accordingly. At this time the NACAA dues for FY 2010 are not finalized, so the amounts provided are estimates based on FY 2009 and are likely to change.

We included line item reductions for the costs of using EPA National Contract Services and the National Performance Audit Program, you requested be set aside related to your Section 105 Air Pollution Control Program, and costs to your State associated with the oxides of nitrogen trading system. National Contract Services for Air Toxics grants awarded under CAA Section 103, and in-kind services associated with the PM 2.5 monitoring network, are addressed separately.

Finally, the state grant template process, and the associated administrative procedures have been suspended effective with FY 2010. The OAR measures that were contained in the template and the reporting and accountability provisions already associated with them remain in effect, notwithstanding some minor editorial changes. The Agency will continue its efforts to find better methods and measures to capture and express state grant performance.

To initiate the FY 2010 award process, please submit your FY 2010 PPG application with the air pollution control portion of your EnPPA. In addition to your priorities, your EnPPA should address commitments for each of the national priority areas/objectives identified in OAR's Draft National Program and Grant Guidance.

By submitting your application and draft work plan earlier in the process, we can initiate the work plan approval process sooner, provide an early award if funding is available, and provide the balance of your FY 2010 allocation as soon as we receive Region 5's FY 2010 Section 105 funding allocation from Headquarters. **If you wish to be considered for an early award, please provide us with your cooperative agreement application and draft work plan by July 15, 2009.**

Please send your signed, official FY 2010 cooperative agreement application and work plan to:

Diane Nelson
State and Tribal Planning Section Chief
Air and Radiation Division
U.S. Environmental Protection Agency
77 West Jackson Boulevard
Chicago, Illinois 60604-3590

Alternatively, you may submit your signed application package electronically in a PDF format to Diane Nelson, at grant.r5ard@epa.gov.

Please provide an electronic copy of this application package to Naomi Robinson, your Air Project Officer.

If there are any questions on this preliminary Section 105 allocation, please contact me or Naomi Robinson, your Air Project Officer, at (312) 886-7544, Robinson.Naomi@epa.gov. Ms. Robinson can also help you if you need a grant application package, assistance with completing your application, or coordinating technical assistance to discuss an issue in your workplan.

Sincerely,

Cheryl L. Newton
Director
Air and Radiation Division

Enclosures

A. June 12, 2009 Region 5 FY 2010 Section 105 Preliminary Allocation Target Summary Sheet

B. U.S. Environmental Protection Agency, Region 5, Air and Radiation Division, Clean Air Act, Section 105 and Air Program Portion of Performance Partnership Grant, Work Plan Program Elements, For Fiscal Year 2010 Funding

cc: Michael Mendyk
Grant Director
Indiana Department of Environmental Management

Dan Stamatkin
Operations Section Chief
Office of Air Quality
Indiana Department of Environmental Management

Standard bccs:	official file copy w/attachment originator's file copy w/attachment originating organization reading file w/attachment K. Sykes, EPA
other bccs:	Naomi Robinson via e-mail