



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

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C.L. "Butch" Otter, Governor
Toni Hardesty, Director

MEMORANDUM

DATE: February 27, 2009

TO: Wayne Hammond, DFM Administrator

FROM: Toni Hardesty, DEQ Director *TH*

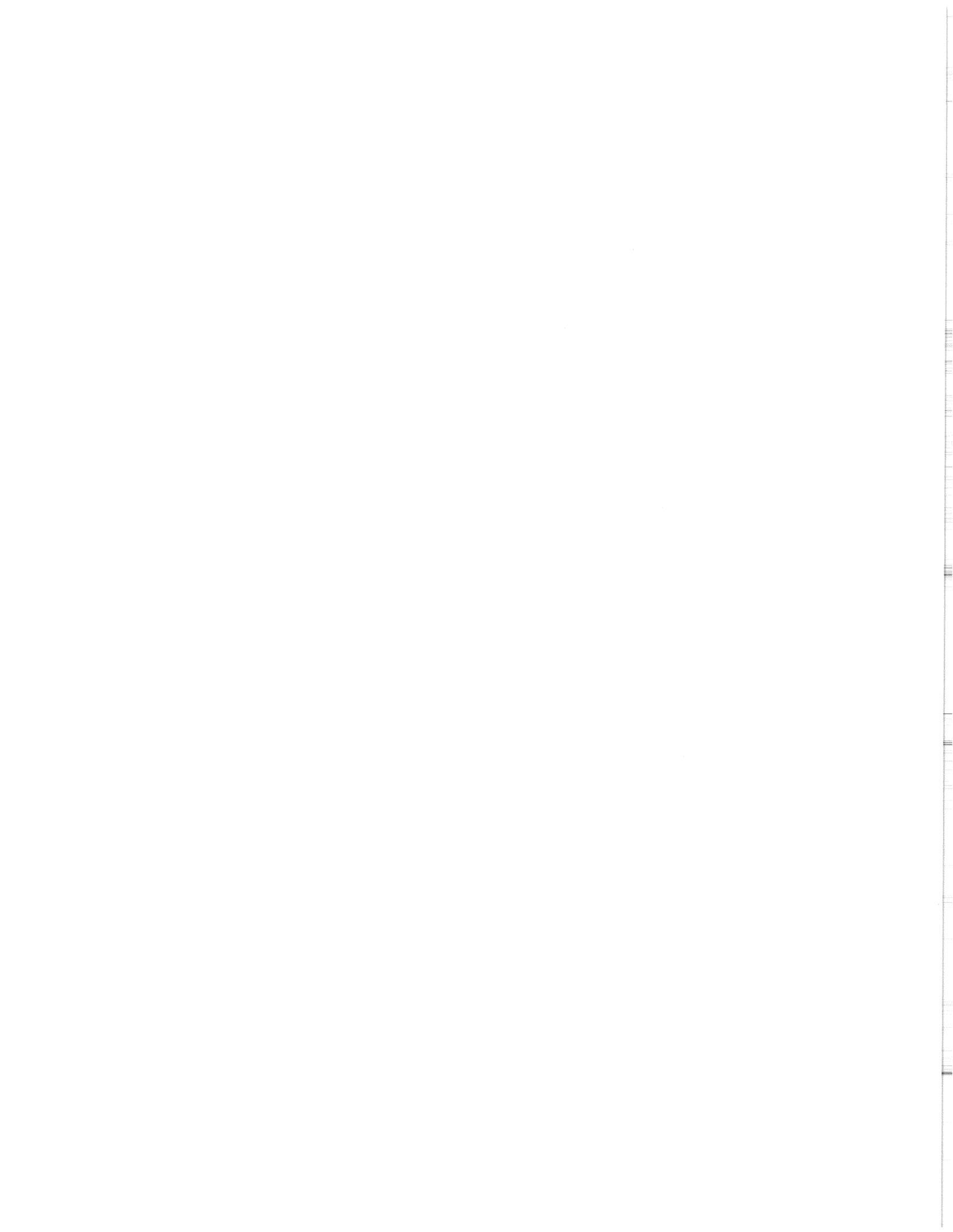
RE: Executive Order N. 2009 – 06
Submittal for Evaluation and Implementation of "The Federal American
Economic Recovery and Reinvestment Act of 2009"

Attached are requests to receive stimulus funding for:

1. Cleanup of Leaking Underground Storage Tanks
2. Bunker Hill Superfund Site Yard Remediation
3. Diesel Retrofit Projects
4. Drinking Water and Clean Water State Revolving Loan Funds
5. Water Quality Management 604(b)

Attached are detailed descriptions providing information on each program and outlining the information required under Executive Order No. 2009 – 06.

Please let me know if you any questions or need further information.



Executive Order N. 2009- 06
**Establishing a Process to Evaluate and Implement “The Federal American
Economic Recovery and Reinvestment Act of 2009”**

Idaho Department of Environmental Quality
Waste and Remediation Division
Projects to be funded:
**Clean-up of Leaking Underground Storage Tank Releases (Petroleum
Contamination) in Idaho**

Introduction

DEQ currently utilizes limited one-time federal EPA funding to remediate leaking underground storage tanks (LUST) for which insurance coverage or a viable responsible party is not available. In FY2007 DEQ utilized \$300K of federal funds for a cleanup in the City of Rexburg. In FY2008 DEQ utilized \$378K of federal funds for LUST cleanups. The remediation work is performed by private contractors under DEQ management and oversight.

The federal Stimulus Act provides an additional \$200M to EPA for the LUST program (H.R. 1; p. 55). EPA's allocation for Idaho is \$1.307M. These additional funds would be utilized by DEQ to address a backlog of LUST cleanups.

Agency Responses to Executive Order Information Requests

1.a. The amount of federal funding it anticipates receiving under the Act:

Idaho's allocation is \$1.307M and could increase to \$2M+ if other states do not obtain the full amount of their allocations.

1.b. Timeframe for receipt of funds:

EPA currently projects the funds will be awarded between mid-March and April 1, 2009.

1.c. Whether the anticipated federal funding is allocated through an existing or new federal program:

Funding will be allocated through the existing EPA Leaking Underground Storage Tank Program.

1.d. Current levels of state funding for the agency that is appropriated, requested or held in any account by or for the agency that would be impacted positively or negatively by the receipt of federal stimulus funding:

State funding would not be impacted.

1.e. Whether additional spending authority would be necessary to expend the federal funds:

Yes.

1.f. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many:

DEQ will utilize existing employees to manage and oversee expenditure of the additional Stimulus Act funding of LUST clean-ups.

1.g. Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes:

-The Stimulus Act waives any state match (H.R. 1; pg.55).

-General Stimulus Act requirements apply including Recipient Reports (H.R. 1, Sec. 1512(c); pg. 173), Buy American (H.R. 1, Sec. 1605; pg. 189), Wage Rate (H.R. 1, Sec. 1606; pg. 189) and Certifications (as applicable: H.R. 1, Sec. 1511 and/or 1607; pgs. 173 and 189)

1.h. When federal funding ends:

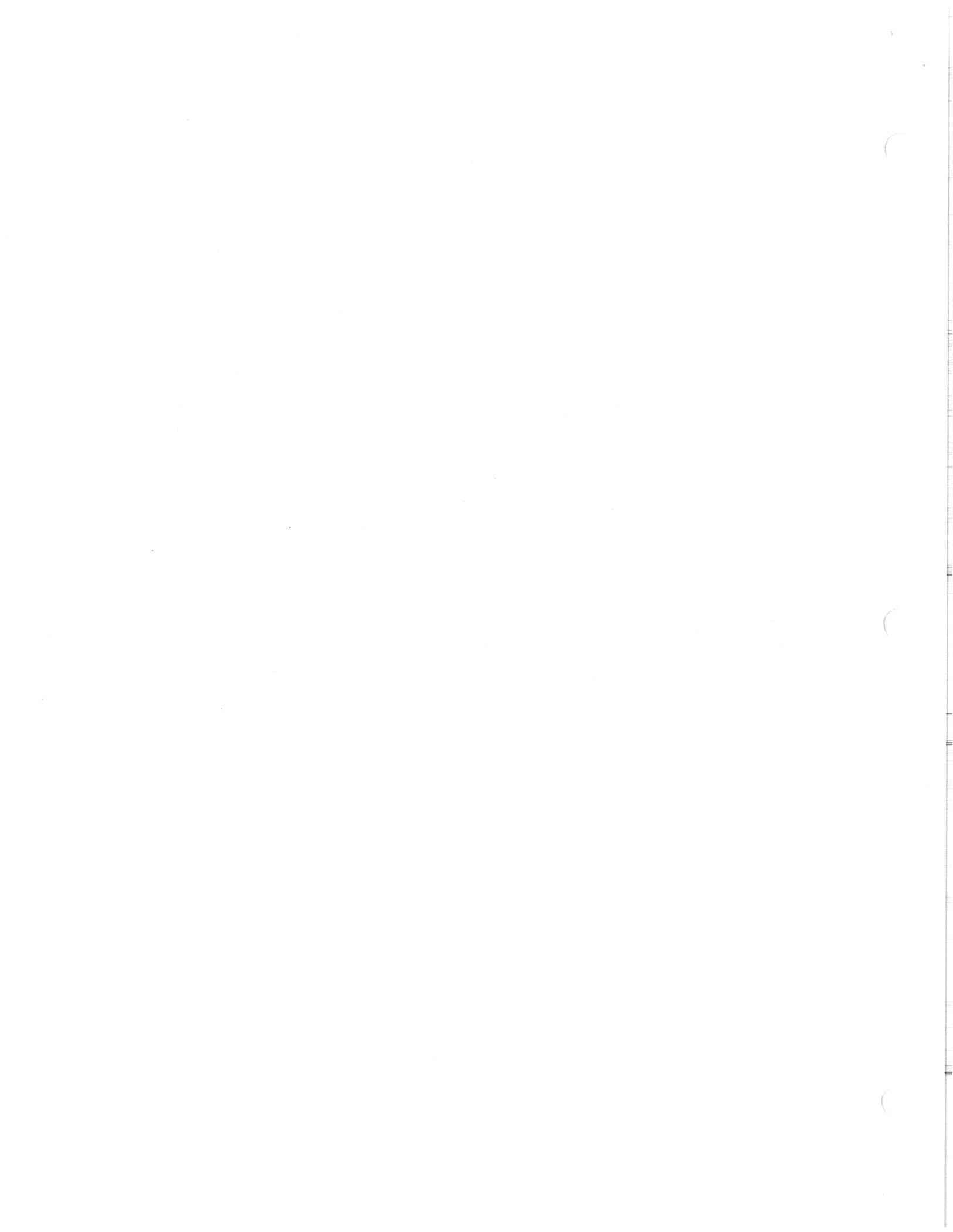
Stimulus Act funding is available for obligation until 9/30/2010. EPA has indicated, preliminarily, that remediation projects are to be completed within four years and that there is no requirement to spend a fixed percentage of the funds in the first two years.

1.i. A plan detailing how the funds will be spent and how the agency will address the absence or federal funding after it ends:

DEQ will evaluate and prioritize the existing backlog of potential LUST sites. DEQ will utilize existing contracts with private contractors to investigate and remediate selected LUST sites. All remediation work will be conducted by contractors and their sub-contractors. Once the Stimulus Act funding is exhausted, DEQ will continue to address remaining LUST sites through Brownfields, voluntary clean up agreements, the Idaho Community Reinvestment Pilot Initiative and other traditional programs.

Further Discussion

The Stimulus Act funding for LUST clean-ups will enable the remediation of several LUST sites that will otherwise continue to threaten human health and water quality and inhibit economic development of property. The remediation work will be performed by private contractors and thereby create or support job development.



Executive Order N. 2009- 06
**Establishing a Process to Evaluate and Implement “The Federal American
Economic Recovery and Reinvestment Act of 2009”**

Idaho Department of Environmental Quality
Waste Management and Remediation Division,
Projects to be funded:
Bunker Hill Superfund Site Yard Remediation

Introduction

DEQ is currently implementing the Basin Property Remediation Program (BPRP) as part of the Bunker Hill Superfund cleanup work in the Coeur d’Alene Basin. The BPRP involves the removal and replacement of 6-12 inches of contaminated soil from private and commercial properties within the Silver Valley, including the towns of Mullan, Wallace, Osborne and Pinehurst. In the last two years DEQ has expended approximately \$13M of federal funds per year to complete approximately 500 properties per year. The remediation work is performed by private contractors under DEQ management and oversight. The current level of effort requires 8 DEQ FTEs, which are located in Kellogg. Completion of the BPRP at the current level of effort will require 5-6 years. The funding source for the BPRP is the federal Superfund administered by EPA. Superfund expenditures require a 10% state match.

The federal Stimulus Act provides an additional \$200M to EPA for Superfund Work (H.R. 1; p. 54). EPA’s allocation for the BRRP is \$20M (\$10M/yr for next 2 years). These additional funds would be added to the current level of funding to accelerate completion of the BRRP by two years. DEQ will require 2-3 additional limited service FTE’s for oversight and management of the additional work.

Agency Responses to Executive Order Information Requests

1.a. The amount of federal funding it anticipates receiving under the Act:

EPA has allocated \$20M (\$10M/yr for next 2 years) for the BPRP. An additional \$750K could be allocated for House Dust remedial activities.

1.b. Timeframe for receipt of funds:

EPA is anticipating release of funds within the next 60 days, however some uncertainty exists. Funds would be available for use in the next two, possibly three, construction seasons.

1.c. Whether the anticipated federal funding is allocated through an existing or new federal program:

The funds will be allocated through existing DEQ/EPA Superfund Cooperative Agreements as part of existing EPA Superfund Program.

1.d. Current levels of state funding for the agency that is appropriated, requested or held in any account by or for the agency that would be impacted positively or negatively by the receipt of federal stimulus funding:

State funding would not be impacted. The \$10M Stimulus Act funds would be in addition to the approximately \$13M of current annual federal funds allocated for the BPRP. A state match of 10% is required for all federal Superfund expenditures at the Bunker Hill Site. DEQ has been accruing the required match through annual state appropriations which transfer funds from the Water Pollution Control Account to the Coeur d'Alene Basin Environmental Remediation Fund. The stimulus funding expedites the schedule for the cleanup, but does not add new federal costs to the overall project. Thus, State match requirements stay the same. The State 10% match is calculated for and over the life of the entire Bunker Hill Superfund project and year-year alignment of federal expenditures and state match is not required.

1.e. Whether additional spending authority would be necessary to expend the federal funds:

Yes.

1.f. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many:

DEQ would require 2-3 additional limited service FTE's. These FTE's would provide management and oversight of the additional contract work required by the expanded scope of work. DEQ anticipates using contractor support for any additional management or oversight assistance that may be necessary.

1.g. Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes:

-10% state match; see discussion in 1.d above. No additional state funds will be required.

-General Stimulus Act requirements including Recipient Reports (H.R. 1, Sec. 1512(c); pg. 173), Buy American (H.R. 1, Sec. 1605; pg. 189), Wage Rate (H.R. 1, Sec. 1606; pg. 189) and Certifications (as applicable: H.R. 1, Sec. 1511 and/or 1607; pgs. 173 and 189)

1.h. When federal funding ends:

Stimulus Act funding is available for obligation until 9/30/2010. EPA has indicated 70% percent of these additional funds must be spent within two years of receipt but has not clarified whether the two year period runs from the date EPA receives the funds or from the date DEQ receives the funds.

1.i. A plan detailing how the funds will be spent and how the agency will address the absence or federal funding after it ends:

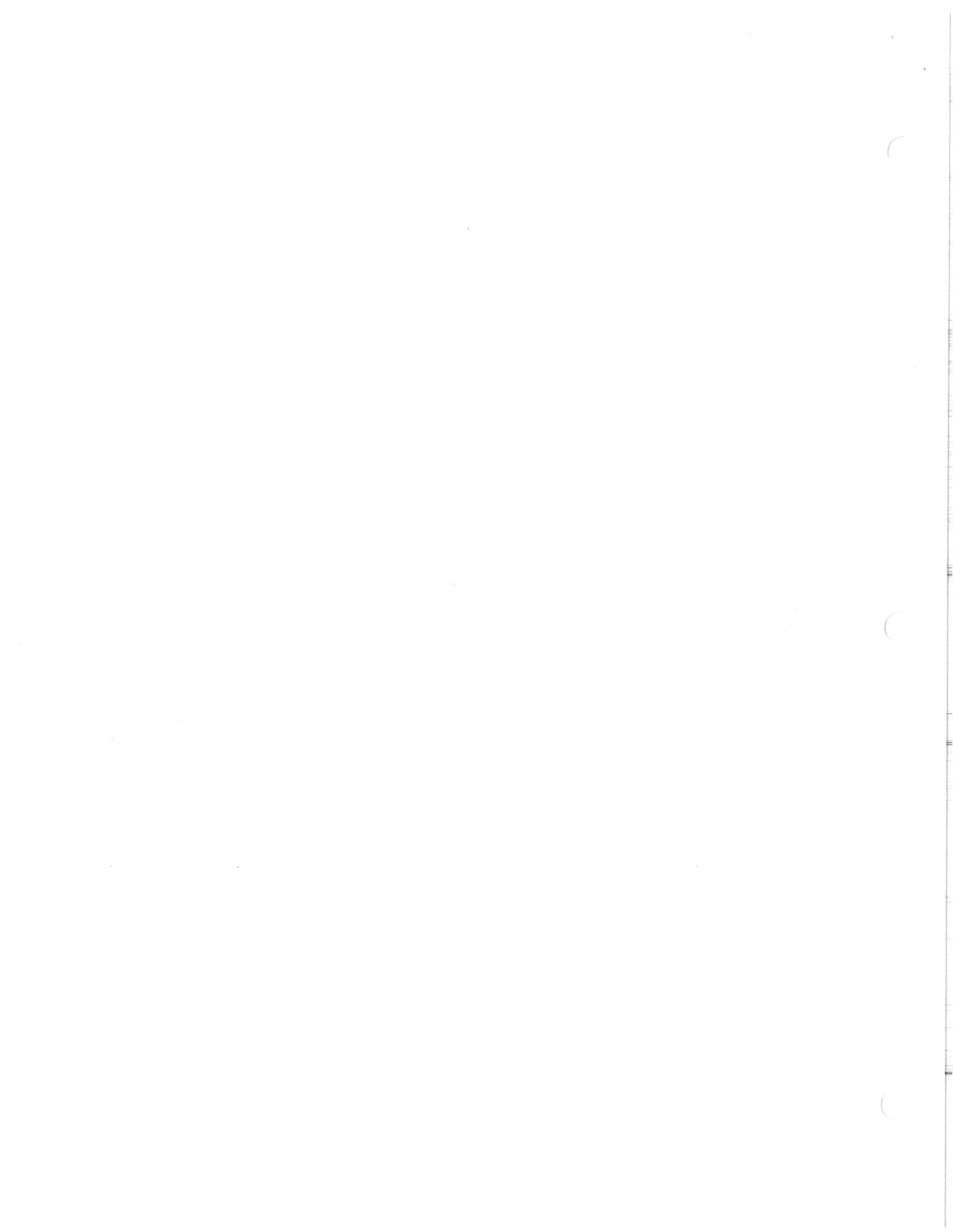
DEQ will utilize the funds to increase the amount of remedial work performed by the BPRP. The BPRP is administered from DEQ's Kellogg Office. DEQ will utilize existing contractors and, as necessary, seek additional contractor assistance to perform remediation activities and to assist with project management activities. Once the Stimulus Act funding is exhausted the BPRP will continue at the level of funding available from EPA until the project is complete.

Further Discussion

If DEQ does not utilize the additional Superfund monies provided by the Stimulus Act, EPA intends to utilize the funds to complete BPRP work through other means, probably the Corps of Engineers. Remediation work performed through the Corps is typically more expensive than remediation work performed under DEQ. Since Idaho is obligated to match all federal Superfund expenditures for remedial action at the Bunker Hill Site, performance of the BPRP work by the Corps or other EPA contractors is likely to increase the state's match obligation.

The additional Stimulus Act funds will speed up the completion of the BPRP by two years, moving the final completion date from 5-6 years to 3-4. Completion of the BPRP has been a priority for the local communities and DEQ to facilitate continued economic recovery in the Silver Valley.

The Stimulus Act funds will almost double the amount of work accomplished by the BPRP over the next two construction seasons, adding about 70 full time private jobs. Most of these jobs will be seasonal, extending from May to October during each construction year.



Executive Order N. 2009- 06
**Establishing a Process to Evaluate and Implement “The Federal American
Economic Recovery and Reinvestment Act of 2009”**

Idaho Department of Environmental Quality
Air Quality Division, Mobile and Area Source Program
Projects to be funded: Diesel Retrofit Projects

Introduction

DEQ currently utilizes limited (“one time”) grant funds from EPA or CMAQ to contract for diesel retrofits of school buses, agricultural equipment and other diesel fleets. DEQ’s role is to administer the grant, including development, management and oversight of contracts with private installers of the retrofit devices.

The federal Stimulus Act provides \$300M to EPA for additional Diesel Emission Reduction Act (DERA) grants (H.R. 1; p. 56). EPA’s allocation for Idaho is \$1.7M for installation of ozone-targeted diesel retrofit devices in school buses (See Agency Responses in 1.a-i. below). An additional amount of \$1.5M to \$2M is available through a competitive grant process for installation of Diesel Particulate Filters in heavy duty diesel construction vehicles (See Agency Responses in 2.a-h. below).

The Stimulus Act funds would provide for retrofits of approximately 300 school buses and 150 heavy construction vehicles.

Agency Responses to Executive Order Information Requests

Allocated Funds for Ozone-targeted diesel retrofit devices

1.a. The amount of federal funding it anticipates receiving under the Act:

EPA has allocated \$1.7M to Idaho.

1.b. Timeframe for receipt of funds:

Ninety (90) days from the date the Stimulus Bill was enacted (approximately May 20, 2009). **Notification must be made to EPA by March 6, 2009 of intention to apply for the funding.**

1.c. Whether the anticipated federal funding is allocated through an existing or new federal program:

The funding will be allocated through the existing Diesel Emissions Reductions Act (DERA) administered by EPA.

1.d. Current levels of state funding for the agency that is appropriated, requested or held in any account by or for the agency that would be impacted positively or negatively by the receipt of federal stimulus funding:

State funding would not be impacted

1.e. Whether additional spending authority would be necessary to expend the federal funds:

Yes.

1.f. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many:

One additional limited-service FTE employee would be required to administer the program (including any funding received in the competitive grant process reference in 2.a-h below).

1.g. Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes:

-The Stimulus Act waives any state match (H.R. 1; pg.56).

-General Stimulus Act requirements apply including Recipient Reports (H.R. 1, Sec. 1512(c); pg. 173), Buy American (H.R. 1, Sec. 1605; pg. 189), Wage Rate (H.R. 1, Sec. 1606; pg. 189) and Certifications (as applicable: H.R. 1, Sec. 1511 and/or 1607; pgs. 173 and 189)

1.h. When federal funding ends:

Stimulus Act funding is available for obligation until 9/30/2010. EPA has indicated, preliminarily, that funds must be expended within two years of receipt.

1.i. A plan detailing how the funds will be spent and how the agency will address the absence or federal funding after it ends:

DEQ will utilize the funding to contract for the installation of ozone-targeted diesel retrofit devices in approximately 300 school buses. DEQ's role is to administer the grant, including the development, management and oversight of contracts with private installers. These devices are maintenance free and entail no

additional maintenance expenses. Some areas of the Idaho have experienced exceedances of the ozone National Air Quality Standards (NAAQS). The retrofit of 300 heavy duty diesel bus engines with direct ozone destruction catalyts is estimated to eliminate 276,000 pounds of ozone during the life of the project.

Competitive Grant Funds for Diesel Particulate Filters

2.a. The amount of federal funding desired under the Act:

\$1.5M to \$2M.

2.b. The title(s) and section(s) of the Act under which the funding is provided:

Section 2, Title VII, Environmental Protection Agency, State and Tribal Assistance Grants, (3) (H.R.1, pg. 56)

2.c. The requirements and deadline for applying for federal funding:

Ninety (90) days from the date the Stimulus Bill was enacted (approximately May 20, 2009). **Notification must be made to EPA by March 6, 2009 of intention to apply for the funding.**

2.d. The requirements associated with the desired funding, including but not limited to spending limitations, state match or cost share requirements, percentage limitations and timeframes:

-The Stimulus Act waives any state match (H.R. 1; pg.56).

-General Stimulus Act requirements apply including Recipient Reports (H.R. 1, Sec. 1512(c); pg. 173), Buy American (H.R. 1, Sec. 1605; pg. 189), Wage Rate (H.R. 1, Sec. 1606; pg. 189) and Certifications (as applicable: H.R. 1, Sec. 1511 and/or 1607; pgs. 173 and 189)

2.e. When the federal funding would end:

Stimulus Act funding is available for obligation until 9/30/2010. EPA has indicated, preliminarily, that funds must be expended within two years of receipt.

2.f. Whether additional spending authority would be necessary to expend the federal funds:

Yes.

2.g. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many:

The additional limited-service FTE employee referenced in 1.f above would administer any funding received through EPA's competitive grant process.

2.h. A plan detailing how the funds will be spent and how the agency will address the absence of federal funding after it ends:

DEQ will utilize the funding to contract for the installation of Diesel Particulate Filters in approximately 150 heavy duty diesel construction equipment in publicly owned publicly-owned fleets located in the Treasure Valley and other areas of Idaho. DEQ's role would be to administer the grant, including development, management and oversight of contracts with private installers. Diesel Particulate Filters eliminate 99% of the diesel particulate matter, 90% of the carbon monoxide and 75% of the hydrocarbons and hazardous air pollutants coming from the engine exhaust. The heavy equipment that will receive these retrofits is owned by the Idaho Transportation Department and Ada County Highway District and is used for road construction and maintenance. These agencies will be provided with the technology to clean the filters and maintain their effectiveness over time and avoid additional future maintenance costs. The technology provided to maintain the filters can also be utilized to clean filters on any new fleet vehicles that may be purchased in future years, thus saving future years maintenance costs.

Further Discussion

The Stimulus Act funds would provide for retrofits of approximately 300 school buses and 150 heavy construction vehicles. These will help maintain compliance with air quality standards and protect human health. The retrofit work will be performed by private contractors and thereby create or support job development.

Executive Order N. 2009- 06
Establishing a Process to Evaluate and Implement “The Federal American
Economic Recovery and Reinvestment Act of 2009”

Idaho Department of Environmental Quality
Water Quality Division
Projects to be funded:
Drinking Water and Water Pollution Control State Revolving Funds
(DWSRF and CWSRF)

Introduction

DEQ administers federal and state funds used to provide facility planning grants and low-interest construction loans to eligible entities to conduct specific infrastructure projects designed to improve the quality of Idaho's water resources. The Drinking Water and Water Pollution Control construction loan funds provide low interest loans (1.75% this year) to help repair or build new drinking water and wastewater facilities. Generally, these loans must be fully repaid within 20 years of project completion. However, some applicants may qualify as "disadvantaged" and may be eligible for a lower interest rate and a longer repayment schedule – up to 30 years.

The federal Stimulus Act provides an additional \$4B to EPA for Clean Water State Revolving Funds and \$2 Billion dollars for the Safe Drinking Water Act. EPA uses a formula based on population to allocate these funds to the States; Idaho's allocation is \$38.7M (H.R.1; pgs 55-56). These additional funds would be utilized by DEQ to augment the existing federal and state funding available for construction loans provided by Drinking Water and Water Pollution Control State Revolving Funds (DWSRF and CWSRF).

Agency Responses to Executive Order Information Requests

1.a. The amount of federal funding it anticipates receiving under the Act:

Idaho's total allocation is \$38.7 million. The total is split between the wastewater program which will receive \$19.2M for the CWSRF and the drinking water program which will receive \$19.5M for the DWSRF.

1.b. Timeframe for receipt of funds:

DEQ anticipates receive of the grant award upon acceptance of its Intended Use Plan by the DEQ Board, in April of 2009.

1.c. Whether the anticipated federal funding is allocated through an existing or new federal program:

The Stimulus Act funding will be allocated through existing federal Clean Water Act and Safe Drinking Water Act programs administered by EPA.

1.d. Current levels of state funding for the agency that is appropriated, requested or held in any account by or for the agency that would be impacted positively or negatively by the receipt of federal stimulus funding:

State funding will not be impacted.

1.e. Whether additional spending authority would be necessary to expend the federal funds:

No.

1.f. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many:

No. DEQ will utilize existing employees to administer loans provided with the additional Stimulus Act funding.

1.g. Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes:

- The Stimulus Act waives any state match (H.R. 1; pg.55).
- Projects must be under contract or construction within 12 months of the enactment of the Stimulus Act.
- Not less than 50% of the Stimulus Act funding must be utilized to subsidize eligible recipients in the form of principal forgiveness, negative interest loans or grants, or any combination thereof (this requirement will be met with projects identified through the normal Priority List process and in compliance with established rules in IDAPA 58.01.12 and 58.01.20. Subsidies would be based on whether or not the SRF loan recipient qualifies as a disadvantage community. Disadvantaged communities that are ready to proceed with construction within 12 months of ARRA enactment, would be offered principle forgiveness (subsidy) on their loan until the community would no longer qualify as a disadvantaged).
- Not less than 20% of the Stimulus Act funding must be used to support energy conservation, water conservation or green infrastructure efforts to the extent sufficient eligible projects exist (this requirement will be met with projects identified through the normal Priority List process)
- General Stimulus Act requirements apply including Recipient Reports (H.R. 1, Sec. 1512(c); pg. 173), Buy American (H.R. 1, Sec. 1605; pg. 189), Wage Rate

(H.R. 1, Sec. 1606; pg. 189) and Certifications (as applicable: H.R. 1, Sec. 1511 and/or 1607; pgs. 173 and 189)

1.h. When federal funding ends:

Project completion will not have expedited timeframes, however Projects must be under contract or construction within 12 months of the enactment of the Stimulus Act.

1.i. A plan detailing how the funds will be spent and how the agency will address the absence or federal funding after it ends:

The additional funds will be spent on projects identified through the established SRF annual Priority List process pursuant to existing and applicable DEQ Rules and procedures. The process requires public comment regarding proposed projects and final approval by the DEQ Board. Once the additional funds have been utilized to make loans through the SRF process, the CWSRF and DWSRF programs will continue using existing available funding. However, such funding will be augmented by repayment of loans made with Stimulus Act funds.

Further Discussion

The additional funding for loans available from the CWSRF and DWSRF will enable construction or improvement of a significant number of wastewater treatment and drinking water projects throughout Idaho, particularly in rural and disadvantaged communities. These projects will assist with job creation or retention. DEQ staff estimates that between 300 and 500 jobs will be created or retained during the next 2-3 years. In addition, a portion of loans provided with the additional funding of the Stimulus Act will be repaid to DEQ and augment the revolving funds support future loans.



Executive Order N. 2009- 06
**Establishing a Process to Evaluate and Implement “The Federal American
Economic Recovery and Reinvestment Act of 2009”**

Idaho Department of Environmental Quality
Water Quality Division
Projects to be funded: Water Quality Management 604(b)/205(j)

Introduction

DEQ administers the 604(b)/205(j) federal grant to conduct water quality management planning, studies and investigations to improve the quality of Idaho's water resources. The amount allocated to Idaho is one percent (1%) of the federal funding for Clean Water Act State Revolving Funds (CWSRF).

The Stimulus Act provides \$4B for CWSRF (H.R. 1; pgs. 55-56). One percent (1%) of Idaho's portion of the additional CWSRF funding is \$194,334.

The additional Stimulus Act funds would be utilized by DEQ to conduct studies on wastewater from septic systems, evaluate nutrient pathogen studies, develop a mercury database for surface water quality mercury data, and to monitor mercury deposition. Forty percent (40%) of these funds would be “passed through” to Health Districts.

Agency Responses to Executive Order Information Requests

1.a. The amount of federal funding it anticipates receiving under the Act:

\$194,334. Exactly one-percent (1%) of CWSRF allotment (\$19,433,400).

1.b. Timeframe for receipt of funds:

EPA projects the funds will be awarded in April or May, 2009 and will be available through at least September 30, 2010.

1.c. Whether the anticipated federal funding is allocated through an existing or new federal program:

Funds will be allocated through the existing Clean Water Act 604(b) program administered by EPA.

1.d. Current levels of state funding for the agency that is appropriated, requested or held in any account by or for the agency that would be impacted positively or negatively by the receipt of federal stimulus funding:

State funding will not be impacted.

1.e. Whether additional spending authority would be necessary to expend the federal funds:

Yes.

1.f. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many:

No. DEQ will utilize existing state employees to administer the grant.

1.g. Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes:

- The Stimulus Act waives any state match (H.R. 1; pg.55).
- General Stimulus Act requirements apply including Recipient Reports (H.R. 1, Sec. 1512(c); pg. 173), Buy American (H.R. 1, Sec. 1605; pg. 189), Wage Rate (H.R. 1, Sec. 1606; pg. 189) and Certifications (as applicable: H.R. 1, Sec. 1511 and/or 1607; pgs. 173 and 189)

1.h. When federal funding ends:

Stimulus Act funding is available for obligation until 9/30/2010.

1.i. A plan detailing how the funds will be spent and how the agency will address the absence or federal funding after it ends:

The majority of the additional funds will be utilized for a statewide public health phosphorus study regarding quantitative amounts (phosphorus) coming from Idaho septic tanks. This study includes sampling of advanced treatment systems; lab analysis, and advancing the Nutrient Pathogen Study. A significant portion of funding/work (\$77,734) will be "passed-through" to Idaho Health Districts. DEQ will provide technical support/oversight (\$50,000). This is a one-time start/stop project and there will have no continuing funding requirements after completion. Total project cost is estimated at \$127,734.

A second one-time surface water project will be the development of a mercury database to include water quality information. The additional funds would be utilized for contractor support to develop the database (\$26,600).

The third project which would utilize the additional funding is the continuation of the Mercury Deposition Monitoring Network (\$40,000). This work would continue

the collection of mercury deposition samples from the existing mercury deposition network at the Lake Lowell and McCall sample sites.

Additional ambient surface water monitoring, or pre/post TMDL monitoring may be funded to the extent the phosphorus study does not utilize all the funding.

Further Discussion

Approximately \$77,700 of the additional 604(b)/205(j) grant funds will be passed through to Idaho's Health Districts and \$26,600 will be used for contractor support in developing the mercury environmental database. This funding will provide a financial boost/stability at the local level while producing pertinent public health information.

