



## MEMORANDUM

**TO:** Mayor and Council

**THRU:** Chris Shorter, Assistant City Manager  
Nuria Rivera-Vandermyde, Deputy City Manager

**FROM:** Lucia Athens, Chief Sustainability Officer  
Ida Musgrove, Deputy Intergovernmental Relations Officer

**DATE:** October 25, 2019

**SUBJECT:** Staff Response to Resolution 20190425-046  
Support for State funding for air quality planning, research and monitoring

The Office of Sustainability has submitted a request to approve the 2020 Interlocal Agreement with Capital Area Council of Governments (CAPCOG) as part of the November 14, 2019 Council Meeting agenda. Funding for air quality initiatives coordinated by the Capital Area Council of Governments was approved in the FY2020 City budget. CAPCOG Air Quality Program's planning efforts include coordinating development and implementation of voluntary regional air quality plans, providing technical assistance to organizations that participate in the air quality plans, administering regional pollution reduction grants, and conducting air quality education and outreach to reduce emissions and exposure to air pollution. Technical research efforts include air quality monitoring, emissions inventory development, data analysis, modeling, and pollution control strategy evaluation. The program is funded through grants from the Texas Commission on Environmental Quality (TCEQ), the U.S. Environmental Protection Agency and local governments.

### Background

Air quality is an important indicator of environmental quality and is tied to human health impacts. The goal of the City's air quality efforts is to promote healthy outdoor air for all residents and the primary concern in Austin is ground-level ozone, as elevated ozone levels can have a significant impact on human health. Ground-level ozone causes many individuals to experience increased respiratory illnesses, and vulnerable populations that include children, older adults, and those with lung diseases such as asthma are more prone to the effects of increased ozone levels.

Air quality is also an important part of the City of Austin's Strategic Direction 2023, with specific outcomes tied to the number of days per year of good air quality and the number of days per year in which ground-level ozone concentrations exceed the Environmental Protection Agency (EPA) standard. As a member of the Central Texas Clean Air Coalition of the Capital Area Council of Governments (CAPCOG), the City of

Austin collaborates with other local governments to prioritize actions that support compliance with federal air quality standards.

CAPCOG reports on compliance with Federal Air Quality standards set by the EPA. While thus far the Central Texas region has been in attainment with EPA air quality standards, as National Ambient Air Quality Standards have become more stringent in recent years, remaining in compliance has continued to be tenuous. The Central Texas region faces challenges with ongoing compliance, particularly for ground-level ozone. Therefore, ongoing funding for air quality planning, monitoring, and outreach is of utmost importance.

### **Recent Council Action**

In April of 2019, Council approved Resolution 20190425-046 to support the following:

- Reinstatement of State funding for local/regional air quality planning, research, and monitoring in areas with air quality issues across Texas.
- Strategic use of State resources for "near-nonattainment" areas to prevent them from becoming "nonattainment" areas.
- Increased funding for the Texas Emissions Reduction Plan (TERP) and the Diesel Emissions Reduction Incentive (DERI).
- The return of all unspent money collected for the Clean Air Account from motorists in Travis and Williamson Counties as part of vehicle inspection and maintenance programs and the Drive a Clean Machine program.
- Reinstatement and restructuring of the Local Initiative Projects and Drive a Clean Machine programs.

This memo provides an update about actions during the 86th Legislative Session taken by the Legislature pertaining to air quality items, as well as an overview of local compliance with air quality standards.

### **86<sup>th</sup> State Legislative Session Update**

The Intergovernmental Relations Office has affirmed that the City's State Legislative Agenda includes language which supports the intent of Resolution 20190425-046. The language below is included in the City's adopted State Legislative Agenda:

"Support legislation that promotes healthy communities and economic prosperity through the protection and preservation of the region's air, land, and water and Austin's natural resources and open spaces."

This broad statement of support authorizes Intergovernmental Relations Office staff and the City's lobby team to advocate for the wide variety of legislative proposals that achieve the goals stated in this memo and that may be filed during a legislative session.

The following summarizes actions taken by the Legislature during the most recent Legislative Session:

- **House Bill 1 – General Appropriations Act**

- Partially reinstated the local air quality planning funding program vetoed by the Governor in 2017 with significant modifications, including:
  - restricting its use to monitoring and emissions inventory work
  - changes to the list of eligible areas
  - a reduction in overall appropriations from \$6 million per biennium to \$4.5 million
  - changes to the funding allocation formula
- The Texas Commission for Environmental Quality has confirmed that \$281,250 of the funding will be dedicated to the Austin Area. This will be received by CAPCOG to serve the five counties in the Austin-Round Rock-Georgetown metropolitan statistical area. The timeline to receive the funding is not yet known and will be restricted to technical work, excluding education and outreach.

- **Texas Emissions Reduction Program**

- \$155 million in funding has been appropriated for FY 2020-2021, which is the same amount as in FY 2018-2019. However, allocations to programs have changed:
  - The Emissions Reduction Incentive grant for diesel-to-diesel replacements has been reduced by \$12 million (or 17 percent) to \$60 million total.
  - The Alternative Fueling Facilities Program will receive a \$6 million increase to fund natural gas and electric vehicle fueling infrastructure.
  - The previously unfunded Government Alternative Fuel Vehicle Program received a \$6 million budget allocation.
- These program reallocations are expected to decrease emission reductions from what was achieved during the 2018-2019 biennium because Emission Reduction Incentive Grants have proven to be the most cost-effective way to reduce emissions.

- **House Bill 3745**

- Extends all Texas Emissions Reduction Program revenues (>\$550 million per biennium) until all areas of the state are designated in attainment for federal ozone air quality standards.
- Establishes new fund starting in 2021 that would enable all revenue collected to be spent on Texas Emission Reduction Program grants without going through appropriation process.

- **House Bill 1346**

- Allows vehicles and equipment used at least 50 percent of the time in nonattainment or near-nonattainment counties to be eligible for replacement, down from 75 percent.
- Reimbursement rates for vehicle replacement would still be based on cost per ton ratios for emission reductions that occur within nonattainment and near-nonattainment areas.

- **Drive a Clean Machine Program and Local Initiative Project**

- Senate Bill 1070 and House Bill 2253 were intended to reinstate the Drive a Clean Machine program by reforming the Local Initiative Project program but did not pass.

- **Update on VW Settlement**

- The Texas Commission on Environmental Quality (TCEQ) was selected by Governor Greg Abbott to manage the administration of VW settlement funds used to reduce NOx emissions

in the city. The first round of funding was available on a first-come, first-served basis for the repower and replacements of school, transit, and shuttle buses. \$5,704,161 in bus funding was allocated to the Austin metro area. On August 1, 2019, TCEQ announced it would be awarding this amount to four entities for bus replacements.

- Thorndale ISD: \$379,000 to replace 4 school buses
- Liberty Hill ISD: \$738,000 to replace 10 school buses
- Eanes ISD: \$1 million to replace 20 school buses
- CapMetro: \$3.5 million to replace 16 transit buses

TCEQ has scheduled a series of workshops for the next grant round, which will be for replacement and repowers of refuse vehicles. This funding is also expected to be first-come, first-served. Eligible vehicles include garbage trucks, recycling trucks, dump trucks, chipper trucks, street sweepers, and roll-off trucks. Approximately \$41 million will be available for “priority” areas, which includes the five-county Austin-Round Rock-Georgetown Metro area.

### Air Quality in Austin

Among air pollutants measured in Central Texas, ground-level ozone is one that the region struggles with most. While the region’s air pollution levels meet federal requirements, we sometimes have days when ground-level ozone reaches levels that are considered unhealthy for sensitive groups, such as children, older individuals, and adults with respiratory problems such as asthma. Ground-level ozone is created through a chemical reaction between natural and man-made emissions of nitrogen oxides (NO<sub>x</sub>) and volatile organic compounds (VOCs) in the presence of sunlight. While NO<sub>x</sub> and VOCs may be present at any time, weather—including abundant sunlight, slow wind speeds, high peak temperatures, large differences between high and low temperatures for the day and low humidity—plays a role in creating concentrations of ground-level ozone.

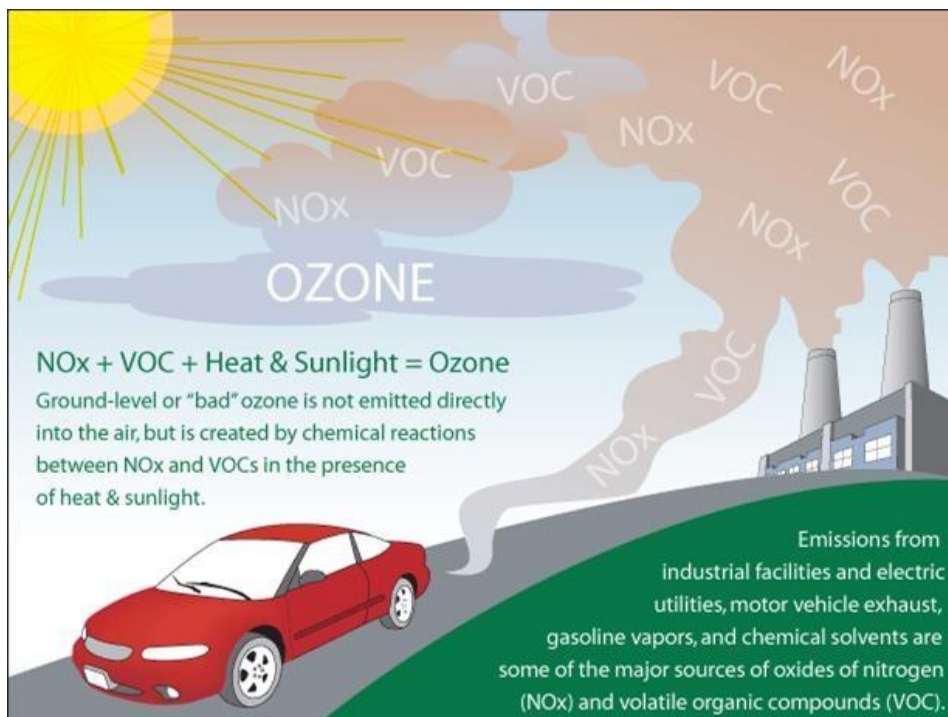
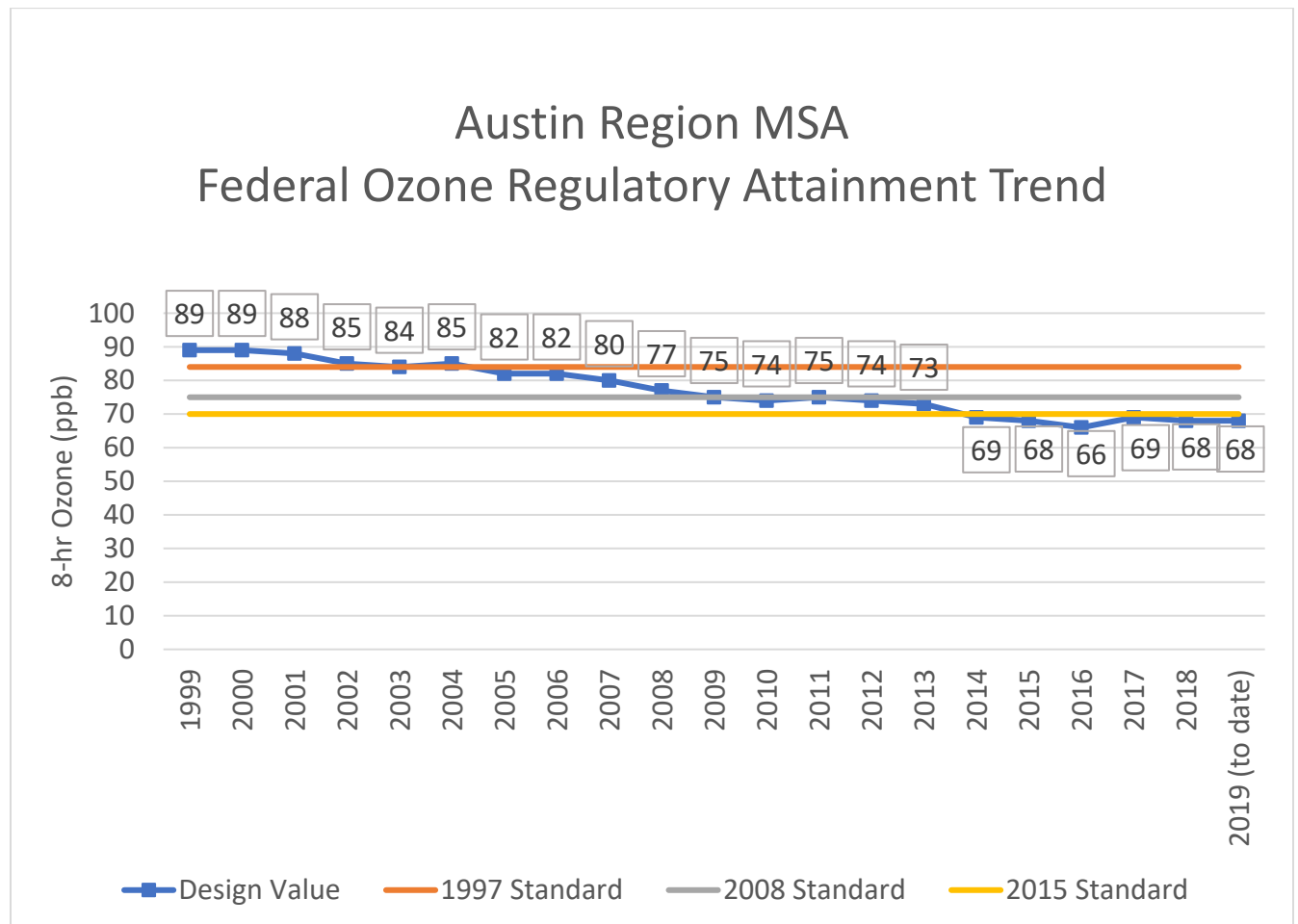


Image from EPA.GOV

National Ambient Air Quality Standard regulatory compliance or “attainment” for ground-level ozone levels has been set at a maximum of 70 parts per billion since the standard was updated in 2015. The 2015 standard is more stringent than previous standards established in 1997 and 2008. As shown in the graph below, ground-level ozone levels for the Austin-Round Rock-Georgetown Metropolitan Statistical Area have been declining and are within National Ambient Air Quality Standards attainment levels; however, in recent years, the region’s ozone levels were just 3 percent below nonattainment. This highlights the importance of continuing education and outreach to mitigate air pollution.



### Next Steps

Funding for air quality initiatives coordinated by the Capital Area Council of Governments was approved in the FY2020 City budget, and the Office of Sustainability has submitted a Request for Council to approve the 2020 Interlocal Agreement with CAPCOG as part of the November 14, 2019 Council meeting.

The CAPCOG Air Quality Program provides support for the Central Texas Clean Air Coalition (CAC) and the CAC Advisory Committee which is composed of 20 elected officials from the five-county Austin-Round Rock-Georgetown metropolitan statistical area who facilitate ongoing regional initiatives toward the improvement of air quality. The proposed Interlocal Agreement would secure funding for Capital Area

Council of Governments programs in an amount not to exceed \$155,824.00 for a period of 12 months to complete the following tasks:

- Clean Air Coalition support
- Technical assistance to CAC members to implement emission reduction measures
- Outreach and education activities
- Annual air quality reporting
- Ozone monitoring and analysis
- Emissions, control strategy, and air quality modeling analysis
- Other studies and planning activities

It is expected that the tasks outlined above will:

- Support research, analysis, and coordination of all air quality-related functions of the Clean Air Coalition;
- Sustain the region's on-going air quality planning efforts;
- Enable continued ozone and meteorological monitoring at up to eight continuous air monitoring stations during the 2020 ozone season;
- Continue to encourage the general public to take actions to reduce ozone-forming emissions and use alternative commuting options; and
- Ensure that vulnerable members of the community have enough information to protect themselves from exposure to high air pollution levels when they occur within the region.

**CC:** Spencer Cronk, City Manager