

## *Introduction*

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At the end of fiscal year 2001, we at the Arizona Department of Environmental Quality marked the completion of our 14th year as a department. We continue to build our agency's performance on the pillars of productivity, quality, service and advocacy, in order to fulfill our mission to protect the public health by protecting the environment. Arizona's citizens hold dear the quality of life to be found in our state and its communities. They want to know that our air is clean to breathe, our water is safe to drink, and our natural environment is protected. The employees of ADEQ are stewards of Arizona's natural legacy. We have dedicated our professional lives to public service. It is through the hard work, accountability and professionalism of all our employees that ADEQ continues to improve our performance and fulfill our mission.

The 2001 annual report is an accounting of our stewardship, on behalf of the citizens of Arizona, to effectively utilize our human and fiscal resources, to protect and improve environmental quality, to provide excellent customer service and to advocate for our state's environmental interests. We have endeavored to streamline operations, clarify roles, and be responsive and accountable in serving our customers' needs because, ultimately, it is their judgment that determines our success. The method and means we have employed to fulfill our statutory mission are those of public service and professionalism. This report highlights our progress and our accomplishments in FY 2001. The appendices to this report, which are available for viewing at the ADEQ Library or on our Web site at [www.adeq.state.az.us/comm/pubs/ar.html](http://www.adeq.state.az.us/comm/pubs/ar.html), provide significant technical detail about many of our programs. In addition, the ADEQ Web site continues to add useful information on our most recent activities and may be accessed at [www.adeq.state.az.us](http://www.adeq.state.az.us).

## ***ADEQ at a Glance***

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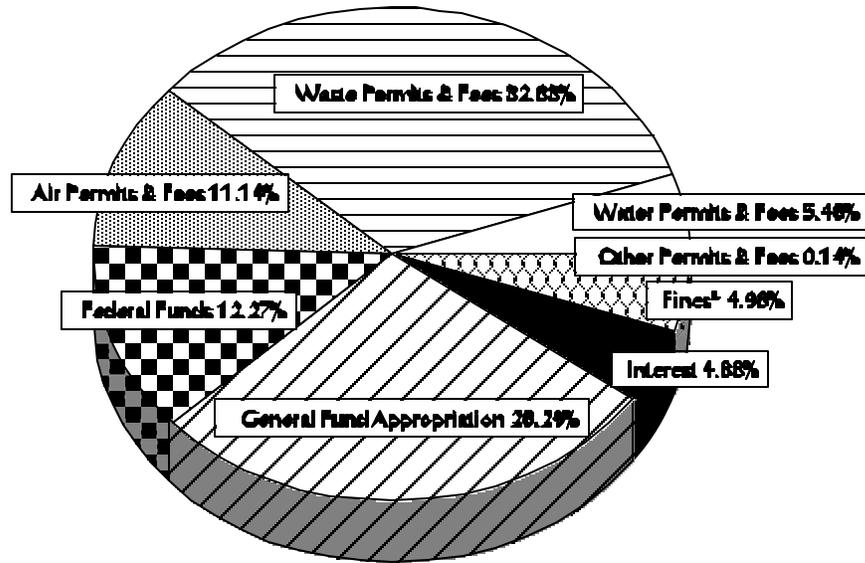
The Arizona Legislature established ADEQ as the state's environmental regulatory agency under the Environmental Quality Act of 1986. At the close of FY 2001, ADEQ had 779 employees working in our Phoenix headquarters and our Flagstaff and Tucson regional offices. The employee turnover rate during fiscal year 2001 was 15.3 percent, down significantly from the record 20.8 percent during fiscal year 2000. The department's organizational structure is composed of the director's office, including staff offices of communications, legislative and intergovernmental affairs, and special counsel, and four divisions: administrative services, air quality, water quality and waste programs. Our agency's core functions include planning and assessment, rule writing, permitting, conducting inspections, compliance and enforcement actions, monitoring and sampling, investigating and remediating contaminated sites, and responding to emergencies. In addition to these regulatory and restoration functions, ADEQ also develops public education and information for such programs as pollution prevention, recycling, and compliance assistance to individuals, local governments and businesses. In an effort to improve customer service and enhance efficiency, we have increased coordination among our various staff members who have similar functional responsibilities in different program divisions affecting common facilities or areas.

### **Fiscal Highlights**

Information on our FY 2001 expenditures, revenues and full-time employees is shown on the charts on Pages 3 and 4. Total revenue from general fund appropriations, federal funds, interest, fines, penalties and fees was \$111,616,731 in FY 2001. Chart 1 shows the sources of revenue and the percent contribution from each source. We expended \$97,555,069 in FY 2001. Chart 2 displays the expenditures broken down by the state's accounting classifications, while Chart 3 shows the expenditures by the four major funding sources. Information on funding sources for authorized staff is provided in Chart 4.

### Chart 1. ADEQ's FY 2001 Fees, Permits and Fines

Total Revenue: 111,616,731



\*Designated general fund revenues

### Chart 2. ADEQ's FY 2001 Expenditures, by Accounting Classification

Total Amount: 97,555,069

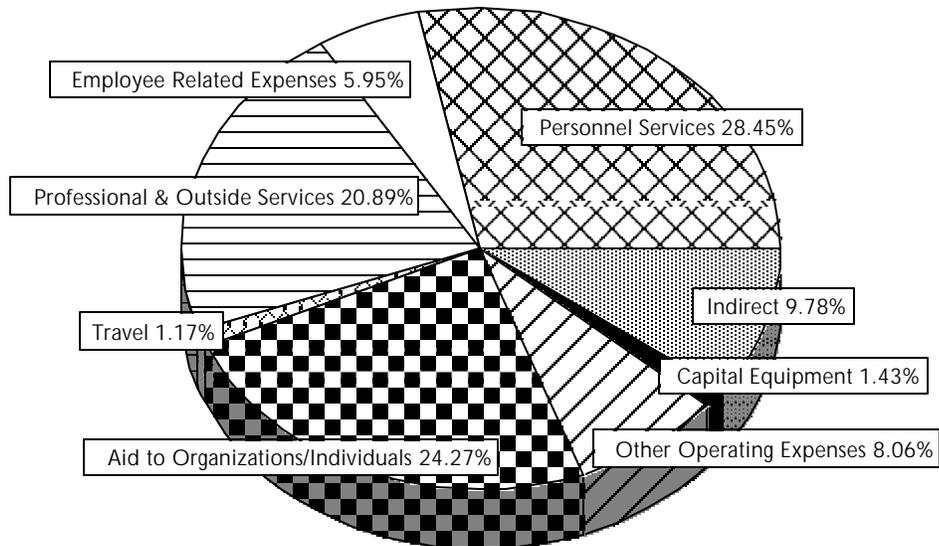


Chart 3. ADEQ's FY 2001 Expenditures, by Funding Source

Total Amount: 97,555,069

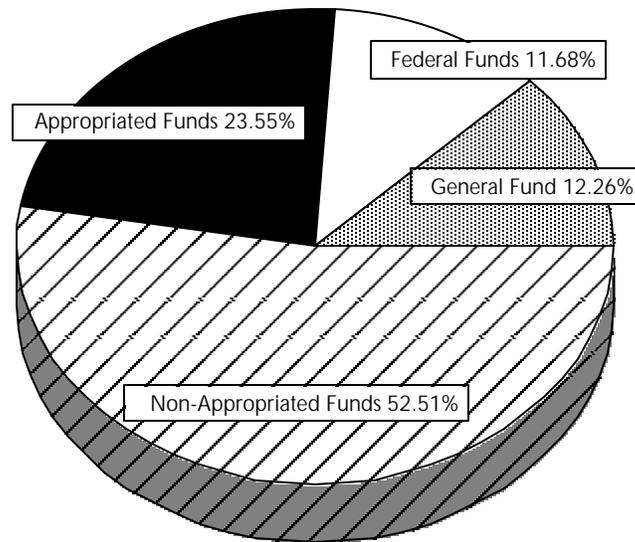
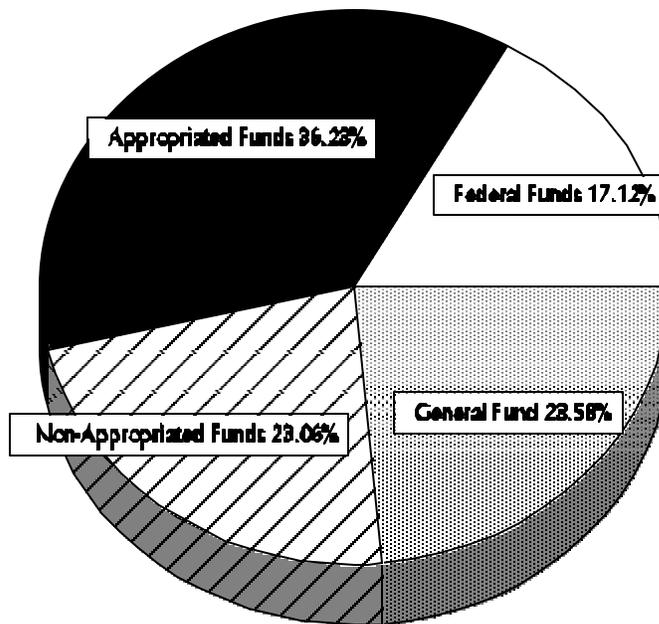


Chart 4. ADEQ's FY 2001 Appropriated and Authorized FTE, by Funding Source



## **Legislative Highlights**

In FY 2001, ADEQ sought to secure the authorities and fiscal resources needed to build a stronger department that will better serve the citizens of Arizona and enhance the quality of our state's natural environment. The 2001 legislative session increased our authority to protect public health and the environment in several ways. The Legislature provided ADEQ with legal authority equivalent to the federal Clean Water Act, enabling us to apply for delegation from the U.S. Environmental Protection Agency of the National Pollutant Discharge Elimination System permit program. This will enable Arizona to join 45 other states that have delegated federal authority to control water pollution within their borders by regulating industrial, municipal and other facilities that discharge directly to surface waters. In addition, the Legislature established the Underground Storage Tank Municipal Tank Closure Program to assist small towns in closing abandoned tanks that present a serious risk to health and safety.

## ***Productivity***

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By reducing the cost of compliance with environmental regulations, ADEQ enhances productivity and thus provides value to Arizona citizens. By making our processes more efficient, we are able to respond quickly to the needs of the regulated community while reducing costs and without compromising public health or environmental protection efforts. ADEQ's efforts help balance a rapidly changing state economy with a clean environment and a healthy citizenry.

### **Air Quality Title V and General Permits**

In FY 2001, ADEQ pursued an ambitious schedule to issue comprehensive air quality permits, which are required under Title V of the federal Clean Air Act, that will help large industrial sources stay in continuous compliance with their pollution control requirements. We developed 10 general permits for smaller pollution sources, which allows for issuing permits in days, not months. This exceeded our goal of developing nine general permits in this period.

### **Water Quality Permits**

ADEQ has worked for several years to streamline processes and improve efficiencies for the Aquifer Protection Permit Program. With these process and database improvements and staff training, we surpassed the target that the Sunset Committee of Reference set in 2000 to reduce the inventory of pending permit actions from 416 to 208 by July 1, 2002. On June 30, 2001, one year ahead of schedule, the Aquifer Protection Permit inventory was reduced to 194. Effective in January 2001, revisions to the Aquifer Protection Permit and Reclaimed Water Permit rules enabled us to implement permitting improvements through the expansion of the number of general permits, which significantly decreased the time necessary to permit facilities. We hosted rule workshops in Phoenix, Flagstaff and Tucson to educate the regulated community about the new rules and to encourage them to take advantage of the general permit option where appropriate.

## **Monitoring Assistance Program**

In 1998, the Legislature established the Monitoring Assistance Program (MAP) to address chronic monitoring and reporting violations of drinking water regulations that occurred at small water systems. MAP is a mandatory fee-for-service program for all water systems serving fewer than 10,000 people. During the first three years of MAP, more than 96 percent of participating water systems were brought into compliance with the applicable drinking water monitoring and reporting requirements. During this same three-year period, contractor services were secured at 26 percent below the revenues generated by fees, resulting in a fund surplus. In 2001, the Arizona Legislature continued MAP for an additional three-year period and increased the number of chemicals covered under the program. We are currently developing rules for the MAP continuation that will collect additional samples, lower program fees and use the surplus from the previous three years to reduce program fees further. In the next three years, MAP will collect and analyze additional chemicals at a reduced fee as an expanded service to participating water systems.

## **ADEQ Intranet**

ADEQ undertook several initiatives in FY 2001 to provide employees information more efficiently through enhanced electronic communications, thus ensuring that our employees have the information necessary to serve the public effectively. The Office of Communications, in conjunction with the Information Technology Section, launched a dramatically improved intranet in April 2001 that not only made tools such as templates and forms more accessible, but also provided internal messages in a consistent, less intrusive way than sporadic e-mail. The latter came in the form of a daily, electronic employee newsletter called News to Use, and was supplemented by another posting that synthesized pertinent articles from news media Web sites from around the country. The intent was to keep employees informed and extend their awareness to issues beyond the unit, section or division level, which in turn helped strengthen agency morale by fostering a common base of knowledge.

The development and implementation of an agency intranet has significantly improved the timeliness and cost effectiveness of internal communications. With the intranet, employees are able to access the ADEQ Library's catalog from their desks and can monitor the status of Help Desk service requests online.

### **Database Improvements**

In FY 2001, ADEQ added an emergency response database to the Web site, the fifth such database on our Web site that provides the public with immediate access to information. The Information Technology Section replaced older, outdated software with more user-friendly, maintainable and sharable systems to improve productivity and efficiency. Public access has been improved by making this core data available on the ADEQ Web site. Technological enhancements moving toward a uniform database environment have helped ADEQ to streamline and standardize business practices for improved productivity and customer service. For example, enhancements to the Licensing Time Frame module have created a standardized functionality throughout ADEQ for cost recovery and accounting purposes.

### **New ADEQ Building**

The new ADEQ office building in the Capitol Mall complex progressed from planning and design stages to actual construction in FY 2001 as we continued our preparations for the scheduled July 2002 relocation. We will be consolidating most of our Phoenix workforce into one location, which will provide a more efficient office environment and allow us to improve both staff productivity and customer service by centralizing records storage and our information and communications systems.

In cooperation with the Arizona Department of Administration and the construction contractor, ADEQ has undertaken to design and construct this facility in an effort to meet certification requirements of the U.S. Green Building Council. If we are successful, ours will be one of only a few buildings in the United States to carry this certification. We also are working to achieve an energy efficiency rating based on the building's design.

## **Employee Recognition**

The agency also supported agency morale through traditional channels. In FY 2001, ADEQ developed a new employee recognition program to better suit the needs of the agency. The revised program allows for timely and frequent recognition of the outstanding contributions of employees, supervisors and teams. Through this program, employees are applauded for the outstanding service they provide to the public and to each other.

The most significant change to the employee recognition program was the addition of the Gold Star Award, which is a tool for all ADEQ employees to recognize their coworkers “on-the-spot.” It is a straightforward process that recognizes employees who demonstrate one or more of the following: teamwork, positive attitude, quality work or customer service. Each month, 31 names are drawn from a box containing all the names of that month’s Gold Star Awards recipients.

## *Quality*

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ADEQ achieves quality by reducing the public's exposure to pollutants through clean, safe water and air, and regulation, management and minimization of Arizona's wastes. By measuring how clean the environment is, ADEQ is able to take steps to reduce unacceptable levels of pollution and oversee cleanup of contaminated sites.

### **Air Quality Monitoring**

As a result of clean air measured in the 1997-1999 period, EPA determined in FY 2001 that the metro Phoenix area has met the one-hour standard for ozone pollution. Arizona is also on the way to attainment for monitored violations for carbon monoxide, capping the necessary second straight year at the end of 1999. We continue to work with our fellow air pollution agencies to refine the monitoring network so we can provide citizens with accurate information about the quality of the air they breathe.

### **Brown Cloud Summit**

On March 15, 2000, Governor Jane Dee Hull signed Executive Order 2000-3, establishing the Brown Cloud Summit and charging the summit with the complicated job of identifying ways to reduce the brown cloud and recognizing that the same measures might also help the Valley's other air quality problems. ADEQ coordinated the activities of the summit, including providing technical support and testimony, and assigned two ADEQ employees to each subcommittee. The agency was also responsible for scheduling and facilitating all meetings of the summit and the subcommittees.

Throughout the process, summit members kept in mind ongoing work by other groups to improve visibility at national parks and wilderness areas throughout the West, sought comments from citizens, developed proposals to put the pollution-fighting measures into action and worked to get them done.

The summit's recommendations focused on three themes:

- , Citizen-set goals to improve the brown cloud, improve our understanding of the nature of the haze throughout the Valley, and improved monitoring to assess our progress
- , Long-term, market-driven strategies to help reach the visibility goal and provide health benefits
- , Short-term, voluntary and mandatory measures to reduce emissions and improve public health

The summit also recommended the establishment of a visibility index and additional monitoring to track progress. Many of the summit's recommendations were contained in HB 2538, which was enacted into law May 8, 2001.

### **WQARF Early Response Actions**

ADEQ conducted several early response actions and early response action evaluations at Water Quality Assurance Revolving Fund (WQARF) sites in FY 2001. We successfully installed groundwater pump and treat and soil vapor extraction systems at ALSCo in the West Van Buren site and removed more than 6,000 tons of solid and hazardous waste from the East Washington Fluff site. On these two early response actions, we spent more than \$2.5 million of WQARF funds.

During FY 2001, we also worked on the design and construction of several other early response actions, including a soil vapor extraction system at F&B in the West Central Phoenix WQARF Site and groundwater pump and treat systems at the Central and Camelback site in Phoenix and the Broadway Pantano site in Tucson. This work, as well as the early response action evaluations conducted during FY 2001, will result in additional cleanup actions at WQARF sites in FY 2002.

During our South Phoenix initiative, ADEQ not only took action to eliminate a significant public health threat to the South Phoenix community caused by a former automobile shredding facility at 5th Street and Buckeye Road. The ADEQ

director, senior managers and Waste Programs Division staff also endeavored throughout the summer-long project to connect with community leaders and work with them to keep citizens informed about our activities.

In May, as the early response action began, we opened a community information office across the street from the project site and staffed it daily with English and Spanish employees until the project was completed. In addition, the director hosted weekly luncheons at the South Phoenix office, which enabled community leaders and ADEQ managers to talk about their concerns and vision for improving environmental conditions in that area of town. Staff members also provided educational presentations to four groups of students from Lowell Elementary School.

### **Innovative Waste Utilization Permit**

ADEQ issued the Innovative Waste Utilization hazardous waste operating permit on April 12, 2001. This was a complex permitting process due to the urban location of the facility, the amount of concern expressed at the public and political level, and the media attention concerning issuance of the permit. Through a rigorous public involvement and permit review process, the permit addressed the majority of public concerns and set a standard for how hazardous waste permits will be considered in similar circumstances.

### **Water Quality Improvement Grant Program**

Twice a year ADEQ allocates funding to public and private entities for statewide local management of nonpoint source pollution through the Water Quality Improvement Grant Program. Applicants receive matching funds provided under 319(h) of the Clean Water Act to implement on-the-ground water quality improvement projects to improve and protect water quality by controlling nonpoint source pollution, such as runoff from row crop production or concentrated animal feeding operations, urban runoff, sediment deposits from construction and sand and gravel mining, and petroleum pollution and soil disturbance from recreational activities.

The Water Quality Improvement Grant Program expanded and flourished notably during FY 2001. Interest in the program grew during the 2001 grant cycles with workshop attendance almost doubling in six months. Staff attribute the increased public interest to their enhanced outreach efforts that expanded the number and geographic dispersion of informational workshops conducted and improved attendance of a more diverse customer base. Local governments, tribal authorities, cities, counties, regional development centers, colleges and universities, local nonprofit organizations, state agencies, for-profit organizations, individuals and watershed groups attended our workshops. This broader audience and soaring interest will bring about a more competitive grant program and deliver more desirable water quality improvement projects for the state.

### **Total Maximum Daily Load**

Waterbodies that do not meet their water quality standards and designated uses are known as “impaired waters” and are placed on a list required by section 303(d) of the Clean Water Act until a total maximum daily load analysis (TMDL) is prepared and implemented. A TMDL is a calculation of the total amount of a pollutant that a waterbody can receive and still achieve water quality standards. In Arizona, each TMDL also contains an implementation plan that summarizes activities or projects that can be undertaken to bring the water quality back to meeting standards.

We worked with stakeholders throughout FY 2001 to develop draft rules that must include criteria for determining whether monitoring data are “credible,” identifies the methodology to be used in deciding whether a waterbody is impaired and if impaired, how the waterbody will be prioritized for development of a TMDL. It is anticipated that the “impaired waters identification” rule will be finalized by the end of the calendar year and will be used to develop the 2002 303(d) List. In addition to the public participation requirements for the 303(d) List and TMDLs, this new statute requires us to develop rules related to the water quality assessment, impaired waters identification and TMDL processes.

## **Animal Feeding Operations**

In previous years, the agency has responded to complaints related to animal feeding operations, but has recently gained the authority, through a new general permit, to regulate these operations. Marking the first full fiscal year of proactive involvement, ADEQ's Water Quality Enforcement Unit inspected a total of 46 animal feeding operations in FY 2001. Of those 46 operation inspections, 31 were dairy, nine were feedlots, five were swine and one was poultry. From these 46 inspections, we issued two notices of opportunity to correct (NOCs) to feedlots. Four NOCs were closed during the fiscal year – the two NOCs issued in FY 2001 and two NOCs carried over from the previous year.

Based on our inspections, the animal feeding operations appear to be operating, for the most part, in compliance with the applicable state laws and rules. Few operations that have had minor problems have since been brought into compliance.

## **Reduced Number of Reported Leaking Underground Storage Tanks**

During FY 2001, only 108 releases from underground storage tank systems were reported to us. This figure is substantially less than the 266 reported in FY 2000, 478 in FY 1999, and the even higher numbers of releases reported in previous years.

Several variables have led to the trend of fewer leaking underground storage tanks, including the fact that the population of regulated underground storage tanks has decreased and stabilized to about 8,000 tanks within the last three years. Our continuous and concerted efforts to work with the regulated public to achieve and maintain compliance with underground storage tank operational and reporting requirements has contributed significantly to the decrease. In FY 2001, 848 of the 861 underground storage tank facility inspections that we inspected complied with the federal and state 1998 underground storage tank upgrade requirement. This represents a greater than 98 percent compliance rate. The continued efforts of our Underground Storage Tanks Inspections and Compliance

Program makes the projection of fewer leaking underground storage tanks in the future realistic and the decreasing trend sustainable.

One leaking underground storage tank response during FY 2001 was particularly significant. In late June 2000, a private drinking water well in Quartzsite was found to be contaminated in excess of health-based standards with chemicals commonly found in petroleum. Other potentially affected wells in the general area were sampled and three additional private wells were found to contain petroleum contamination above health-based standards. The four residences affected by the contamination were immediately provided with a temporary alternative water supply for drinking and household use. In anticipation of other homeowners requiring drinking water, we immediately contracted with a local water supplier to distribute four tanks and bottled water for other households suspected of having affected wells.

ADEQ initiated an extensive outreach effort to inform community members about the contamination. In September 2000, the Water Infrastructure Finance Authority and the town of Quartzsite executed a loan, whereby a portion of the loan was to be used to provide a potable water supply to affected homes until a permanent water main could be installed. In November, we met with town officials and representatives from La Paz County to develop a community notification action plan to provide adequate notice of the problem and short-term resolution to the residents of Quartzsite.

Throughout this entire process, we investigated the potential sources of the contamination. Three potential sources of an underground storage tank release were identified and, based on preliminary soil and groundwater investigations, one of the sources was eliminated, another exhibited elevated concentrations of contamination and the remaining source is still under investigation.

## *Service*

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ADEQ understands that public service is a cornerstone of its mission as a state agency. Thus, ADEQ strives to meet and exceed our customers' expectations in all that we do. As we serve our customers, we reduce pollution and contaminants through preventative measures and remediation activities. Meeting customer needs also includes educating the public about the environment and involving stakeholders, who provide input on our programs, rules and processes.

### **Car Care**

For years, Arizona has maintained one of the nation's most comprehensive and successful vehicle emissions inspection programs. In FY 2001, ADEQ placed renewed emphasis on customer service for its VEI program that operates in the Phoenix and Tucson metropolitan areas. Now called Car Care, the program educates motorists about the important linkage between proper vehicle maintenance and air quality and keeps pace with rapidly advancing automotive technology.

In FY 2001, ADEQ entered into a new inspection services contract with Gordon-Darby Arizona Testing, Inc., to provide emissions testing services from January 2002 through December 2009. Program enhancements include an expanded inspection network, new on-board diagnostic testing technology and a wait time monitoring system that allows ADEQ to continually assess contractor and network performance.

The new contract increases capacity for added customer convenience and reduced wait times. Phoenix will have three new inspection facilities, located in Surprise, South Phoenix and Chandler, bringing the total available test lanes to 59. Tucson will have additional lanes opened at two facilities for a total of 13 available test lanes.

Car Care's continued outreach to the service industry through training classes and seminars is being augmented with on-board diagnostics seminars prior to the start of on-board diagnostics inspections. Continued improvements in service include adopting new technologies. Vehicles manufactured since 1996 are equipped with computer systems designed to continually monitor engine function. By scanning the vehicle's on-board computer a new level of technology in automotive emissions testing is achieved. On-board diagnostics testing will replace the tailpipe test on properly equipped light-duty cars and trucks, and will improve the identification of vehicles needing emissions related repair and significantly reduce test time.

### **Community Liaisons**

In an effort to improve customer service throughout the state, we created four community liaison positions to serve each corner of the state. The primary role of the community liaisons is to help local residents, businesses and governments understand environmental requirements and help them work through agency processes. They provide professional resources to help develop compliance strategies and infrastructure improvements to increase environmental quality in the less urbanized areas of the state. The long-term result of these activities will be an increased awareness and understanding of ADEQ's role and regulations, a higher level of compliance, and a savings in time, cost and other resources in dealing with our department.

Below we have highlighted several key ways in which ADEQ's community liaisons provided customer service in FY 2001.

#### ***Bisbee Bond Issue***

An aging sewer collection and treatment infrastructure problem in the city of Bisbee has resulted in problems maintaining compliance with ADEQ and EPA regulations that protect public health and the environment. Various city administrations over the past several decades have been unsuccessful in their attempts to develop a permanent solution to these problems. In September 2000, an ADEQ community liaison

located at a county office in Bisbee to work with the city in finding a solution and obtaining voter approval to finance it. When the voters approved the financing solution by a 95-to-five margin on May 15, 2001, the city was on its way to designing and implementing a \$26 million enhanced collection system and new wastewater treatment plant.

### ***Town of Chloride's Water Supply***

Located in a mineralized area where the local groundwater requires treatment to meet potable water standards, public and private wells in the town of Chloride have total uranium of more than 1,000 ug/l, which far exceeds EPA proposed standard of 30 ug/l by 2003. In addition to this exceedance, the wells of the Chloride Domestic Water Improvement District, which provides service to approximately 400 people, have experienced a consistent loss in supply over the last three years and has had to haul water to meet demand during the summer.

With a community liaison spearheading this project, ADEQ assisted the town by providing assistance in applications for technical assistance grants, helping put together a consulting team and a scope of work, providing project oversight, and providing compliance assistance to rectify past and avert future monitoring and reporting violations.

### ***Wastewater Planning in Beaver Dam and Littlefield***

The communities of Beaver Dam and Littlefield have high density subdivisions with relatively shallow depths to groundwater, thus complicating wastewater disposal. Even though there is no centralized sewer system in the area, their proximity to Mesquite, Nev. has brought substantial growth to the communities. An ADEQ community liaison is helping the Dixie Escalante Cooperative Power Utility to develop a partnership with the communities to provide wastewater planning and possible future capital improvements to avert future water resources degradation.

## **Recycling Outreach and Workshop**

The ADEQ Recycling Program focuses on public education and outreach to encourage voluntary participation in source reduction, reuse and recycling of solid waste, while also identifying techniques to enhance waste reduction efforts. The Recycling Program conducted 141 outreach events during FY 2001. Highlights of these events are listed below.

### ***Earth Day 2001***

The Recycling Program staff celebrated Earth Day 2001 by traveling to Earth Day events throughout the state during the month of April. Activities were sponsored by jurisdictions, schools, and non- and for-profit organizations.

### ***Computer Recycling – StRUT***

The Recycling Program partnered with public jurisdictions, non-profit organizations and local business to promote the Students Recycling Used Technology (StRUT) Computer Recycling Day. On Saturday, April 21, Valley residents had the opportunity to recycle their old and obsolete computers and associated equipment by taking them to one of several drop-off locations throughout the Valley.

### ***Recycling Program Funding Workshop***

In June 2001, the Recycling Program held our first Waste Reduction Assistance Funding Workshop. The workshop featured 14 speakers who represented a variety of recycling organizations. The workshop was attended by approximately 90 people and received high praise from participants.

## **Community Advisory Boards**

During FY 2001, we successfully established five additional community advisory boards or groups for WQARF and federal Superfund sites, exceeding our goal of establishing two of the groups in FY 2001 and three in FY 2002. Currently, we

support 15 community advisory boards or groups that represent a total of 20 WQARF and two federal Superfund sites throughout the state. These groups meet at least quarterly to receive updates on our work at sites and provide input about community concerns.

During FY 2001, we conducted more than 100 public meetings, including community advisory board/group meetings, educational presentations to various groups and other required public meetings. We also produced 13 factsheets to distribute information to the community near various WQARF sites.

### **Lenders' Day**

Our Underground Storage Tank staff went beyond their traditional outreach to the regulated community this year by holding an event in May that was designed for the realty, development and lending community -- customers who we consider to be major players in the issues and challenges associated with contaminated properties.

Approximately 60 consultants, realtors, property assessors, financial institution representatives attended our Lenders' Day event, which focused on liability and other issues related to the investigation, clean up and sale of contaminated properties. The audience heard presentations from ADEQ remediation staff as well as from speakers representing a cross-section of the industry. Feedback was overwhelmingly positive and included a strong recommendation that Lenders' Day become an annual event.

### **Pollution Prevention Program**

Through the Pollution Prevention (P2) Program, ADEQ assists customers who are required by state law to submit P2 plans. We also provide assistance by sharing pertinent information with P2 communities, training the facilities in need of assistance and participating in a variety of other P2 outreach activities. ADEQ recognizes that sharing information about P2 successes will promote greater accomplishments in carrying out P2, so we encourage participation in P2 Program workshops and conferences.

During FY 2001, the P2 Program promoted P2 efforts through the following activities:

By speaking at environmental events and displaying P2's information package at 22 state, regional, national, and international workshops and conferences on many different topics, including general P2, automotive and fleet repair, boats and marinas, watersheds, parks, hazardous wastes, green building, and integrated pest management.

Upon request from regulated facilities, we provided two free classroom training seminars on plan writing and P2 compliance requirements.

Conducting 27 on-site visits and four meetings in FY 2001, the program assisted facilities with conducting P2 opportunity analysis and meeting P2 regulatory requirements.

Staff have facilitated the development of a partnership with Arizona's military stations to reinforce the sharing of P2 information, and improve communications and cooperation. An existing partnership with the mining industry has included the development of a mining P2 Web site for promoting P2 through networking, mutual assistance and information exchange.

# *Advocacy*

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ADEQ is a leading advocate for Arizona's environmental interests. With the authority to administer federal programs and through high-level involvement in state and regional programs, we ensure that the regulations and modes of enforcement of these programs are applicable to the special needs of Arizona's environment. By making known our position on national environmental issues, we help shape national policy and work to ensure that it reflects the specific needs of Arizona's citizens.

## **Arizona Pollutant Discharge Elimination System**

Because of identified benefits of a state-operated program, ADEQ initiated work in FY 2001 to involve stakeholders and EPA in making great strides toward operating a state National Pollutant Discharge Elimination System (NPDES) permit program. Between October 2000 and May 2001, we worked with stakeholders to modify our statutory authorities so that we could operate a state program with all necessary components of the NPDES and related programs. These efforts resulted in the passage of House Bill (HB) 2426 during the 2001 legislative session. HB 2426, which became effective on Aug. 9, 2001, created the Arizona Pollutant Discharge Elimination System (AZPDES) program by adding Article 3.1 in Title 49, Chapter 2.

We continued to work with our stakeholders to draft a Memorandum of Agreement (MOA) with EPA that details how the state will administer the AZPDES program. The MOA establishes provisions for transfer of permit documents, specifies classes and categories of permit applications that we will send to EPA Region 9 for review, outlines the frequency and content of our reports to EPA Region 9, details our compliance and enforcement program, and establishes procedures for modifying the MOA. We also convened several working groups to develop rules to complete the final piece of the AZPDES program submittal requirements. The working groups made recommendations on which of the existing NPDES rules should be incorporated by reference and which should be rewritten to provide clarity for Arizona applicants and

permittees. Following these recommendations, we developed the rules to ensure that the AZPDES program is consistent with, but no more stringent than, the federal program. Formal public comment periods for both the MOA and the rules are scheduled for FY 2002. We plan to submit the complete program package to EPA Region 9 by Jan. 1, 2002. Based on this target submittal date, we anticipate receiving AZPDES program approval by July 2, 2002.

### **Arsenic Standard**

In January 2001, EPA revised the arsenic standard for drinking water by lowering the maximum contaminant level from 50 parts per billion (ppb) to 10 ppb. In Arizona, arsenic occurs naturally in groundwater and surface water; in many locations these naturally occurring levels of arsenic are above 10 ppb. The January EPA action triggered vigorous national debate as to whether the existing scientific evidence shows arsenic is a health concern above 10 ppb and whether EPA accurately captured the cost and benefits of this new drinking water standard. We became engaged nationally in this debate searching for answers to the health effects questions and to ensure the costs and benefits were more accurately captured as this EPA action is estimated to cost Arizona water systems between \$75 to \$120 million annually. We made presentations at several national conferences on arsenic throughout 2000 and 2001 urging the scientific community to develop additional health effects studies designed to address the uncertainties existing in the studies underlying the EPA action and urging EPA to improve their cost estimate as well as their benefits analysis. As a result of engaging in the national debate, the EPA Office of Research Development asked us to participate in a meeting of select states to identify the scientific issues surrounding arsenic to provide EPA the knowledge necessary for future health effects studies. We were also asked to sit on the National Drinking Water Advisory Council's subgroup on arsenic that was charged by the EPA to perform a critical evaluation of their regulatory cost estimate for the arsenic regulation and to make specific recommendations on improvements to be used in revising this estimate.

## **Governor's Agricultural Best Management Practices Committee**

In an effort to address agriculture's contribution to particulate pollution and to avoid federal intervention, the Governor's Agricultural Best Management Practices Committee was statutorily created in 1998. The statute that established this committee also established that ADEQ would provide support for the logistical aspects of the development of the general permit and public education campaign. After several years in development, the Agricultural PM<sub>10</sub> General Permit became effective by rule on May 12, 2000. The general permit requires that a commercial farmer implement at least one BMP to control PM<sub>10</sub> for each three types of sources of particulate pollution. Throughout FY 2001, the committee members and stakeholders have worked to educate farmers about the new requirements in support of compliance by the Dec. 31, 2001 deadline.

## **TRW Settlement**

ADEQ and the Arizona attorney general led a successful joint civil and criminal settlement with air bag manufacturer TRW Vehicle Safety Systems Inc. in January 2001. The \$22 million in fines and penalties was the largest settlement of its kind in U.S. history.

Arizona and the federal government alleged that TRW illegally disposed of the chemical sodium azide that is used to explode air bags on impact. As a result of the settlement, TRW will pay hazardous waste fines and penalties, will clean up contamination from the violations, and pled guilty to one count of illegal storage of hazardous waste, five counts of illegal transportation of hazardous waste and nine felonies in federal court.

In addition to monetary penalties, the settlement required TRW to fund supplemental environmental projects (SEPs) valued at approximately \$5.7 million. The SEPs include facility upgrades to ensure safer handling of wastewater and significantly reduce TRW-generated waste TRW. A SEP to implement a countywide community notification system to inform residents of potential emergencies was also required. By helping prevent future environmental harm from the mismanagement of hazardous materials and notifying local residents in

the event of a potential emergency, these SEPs provide a valuable service to the community.

The settlement was a result of four years of investigation and negotiations with TRW, and makes it clear that compliance with Arizona environmental laws is expected and that the hazardous waste program will enforce the law to protect Arizona's citizens.

### **Water Quality Initiatives for Border Communities**

Through formal memoranda of understanding, ADEQ has partnered with several Mexico-based organizations to protect binational water bodies. For the Nogales Sonora Wastewater Pretreatment Program, ADEQ and the State of Sonora Drinking Water and Sewage Commission are working together to protect water supplies and infrastructure investments in Nogales, Arizona and Nogales, Sonora through an industrial pretreatment program. In a similar arrangement, ADEQ and the University of Sonora, with the support of Sonora's Secretariat for Urban Infrastructure and Ecology, have formed an investigative partnership. Data gathered from environmental monitoring activities under this agreement will help ensure the safety and long-term protection of water quality necessary for growing border communities that Arizona and Sonora share.

### **Air Quality Outreach Efforts in Nogales, Arizona and Nogales, Sonora**

To address particulate air pollution in Nogales, Arizona and Nogales, Sonora, ADEQ implemented a binational outreach campaign. In addition to developing educational materials for the general public, this effort includes a parallel initiative to bring stakeholders together. Stakeholder involvement enables ADEQ to identify large-scale community actions to address difficult issues, such as the need for road paving projects in Nogales, Sonora. This binational governmental dialogue is undertaken in cooperation with the U.S. and Mexico Consuls located in Ambos Nogales. The consular-led forum for this dialogue is called the Border Liaison Mechanism.