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United States
Environmental Protection
Agency

Office of Water and
Waste Management
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Annual Report State-EPA Agreements

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// REGIONAL ASSESSMENT REPORTS

STATE/EPA AGREEMENT PROCESS

September 1978 - August 1979

REGIONAL ASSESSMENT REPORTS SUMMARY

During late June and early July, 1979, teams from Headquarters visited each Region to gather information for the first annual State/EPA Agreement Report. The purpose of the report is to assess the current status of the process, its strengths and weaknesses, and to determine what needs to be done to make it a more useful instrument in the future.

The Annual Report synthesizes what was learned from the 10 Regional Reports which are attached. These have been gathered together to serve as a data source, an historical record, and to provide and exchange of ideas and information to each of the Regions. The major findings emanating from the reports are summarized in the paragraphs that follow. Some examples of successes have been mentioned. Review of the various reports will undoubtedly reveal other ideas, approaches or solutions which might be applicable in other regions. Direct communication between Regions is encouraged in these cases. A list of the Regional SEA contacts with addresses and telephone numbers is at the end of this summary.

In addition to the reports, a copy of the questionnaire developed to gather information is appended; it may serve as a useful checklist in structuring, reviewing or analyzing future Agreements.

Status of Agreements

In FY 1979, SEAs were not mandatory; however, seven Regions and 32 States executed Agreements. These were almost totally associated with water programs and were process or program-oriented.

The SEAs became mandatory for FY 1980, and the scope was expanded to include programs under the CWA, SDWA and RCRA. A significant number of Regions and States are including Air, even though it is not mandatory. Negotiations are in process now and it is expected that all Regions and States will execute Agreements by October 1979. It is apparent that a shift has begun from process/program-oriented issues to environmental/problem-oriented priorities.

Regional and State Organizational Approaches

The Regions approach the process differently. The organizational structures can be grouped into three types.

- o An SEA task force that includes staff from the covered programs.
- o Lead taken by the RA with an office designated to handle the process. There is generally little program staff involvement in this arrangement.
- o Use of existing organizations, usually with a Division designated to lead and with staff support from covered programs.

Regardless of what organization is used it is obvious that active continuous program staff involvement enhances the quality and value of the Agreement.

The States also differ in their procedure and organization. Two types of organization emerge, however.

- o A single environmental agency leads for the State and is responsible for all covered program.
- o Various State agencies conduct individual negotiations for each program grant area. This is frequently accompanied by an "umbrella" agreement with the Governor or Director of the State agency involved.

Achievements

Cross-cutting problem oriented issues are being addressed. Examples: St. Albans Bay in Vermont (Region I) and the Salsbury Chemical Plant in Charles City, Iowa (Region VII).

The Agreements are being used as management tools. Example: Region X is using the agreement for its mid-year evaluation and is developing five-year strategies for all programs.

The Agreements have improved coordination and communications within the States. Example: Region II, the FY 1979 Agreement reestablished cooperation and coordination between the State Department of Public Health and the Department of Environmental Conservation regarding water quality and supply issues.

Coordination and communication between the Region and the State is improved. Example: Region III Administrator has used the Agreement as a vehicle to brief State Legislators, laying groundwork for legislative and budget actions within the States.

Improvements Needed

The EPA Agency Guidance should be released in a timely fashion to assist the Regions and the states in negotiating the State/EPA Agreements.

Public participation should be improved. The Regions, generally, need to take a stronger role and ensure that the public is involved early and substantially.

Full and comprehensive use of program staffs must be a hallmark of the Regional SEA process. Their intimate knowledge of work programs, grant application requirements, program requirements and tracking needs are essential to the effective development and management of the Agreements.

Funding flexibility authority and procedures should be liberalized in order to take advantage of the integrated approach to problem-solving. Current practice limits the States' flexibility to deal with cross-cutting priority issues.

Future State/EPA Agreement Policy and Guidance must include all EPA media programs--that is, the programs under the Offices of Enforcement, Air, Noise and Radiation and Toxic Substances, as well as those programs under the Office of Water and Waste Management. Equally important, the EPA commitment to the State/EPA Agreement process must be maintained at the Administrator, Assistant Administrator and Regional Administrator levels.

Conclusions

Overall, the Regional assessment indicates that in the first year of implementation, the State/EPA Agreement process has been largely process and program-oriented, but shows definite promise of moving toward substantive program integration. Generally, the Regions are enthusiastic and have made good progress toward meeting the overall goals of the State/EPA Agreement process.

- o Organization: To date, there is a higher correlation of success in those Regions where staff from the program offices are directly involved in the State/EPA Agreement process, than in those Regions where a non-program office has responsibility. This is due to the program staff's knowledge of specific statutory and regulatory requirements and their ability to track and evaluate progress.
- o Coordination/Integration: A start has been made. Communications among Regional Offices and the States have been improved. Overall, however, the State/EPA Agreements are largely program or process-oriented and must evolve in the direction of program integration if the State/EPA Agreement process is to be a success.
- o State/EPA Agreement as a Decision Document/Management Tool: The State/EPA Agreement process has focused management attention on identifying priorities and has caused the Regional Offices and the States to think in terms of cross-cutting (or integrating) environmental issues as well as solutions. "Tracking" arrangements vary in quality.
- o State/EPA Agreement as a Communication/Information Document: According to most of the Regions, the process of State/EPA Agreement development has benefitted communication with the States.
- o Reduction of Procedural and Substantive Duplication: Experience to date has not resulted in a reduction of paperwork or procedural requirements primarily because there has not yet been integration of State grant programs. The potential exists for procedural and substantive duplications to decrease as integration improves.

SEA CONTACTS

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REGION I SEA TRIP REPORT

Introduction

Background Information

The survey was conducted by Art Glazer (Office of Solid Waste) and Tom Kelly (Office of Planning and Management) on June 26 and June 27, 1979 in the Regional Office. In addition, Tom Kelly discussed SEA's with the State of Vermont during his visit there on June 28, 1979.

Persons Contacted: Mr. George Mollineaux, 106 Coordinator and SEA Contact for Region I
Mr. Paul Bryan, 105 Coordinator for Region I
Mr. David Fierra, Assistant Commissioner, Massachusetts Dept. of Environmental Quality Engineering
Mr. Larry Sheehan, Section Chief, Construction Grants Program - VT, NH, ME Section
Mr. Dennis Huebner, Chief, Solid Waste Program
Mr. Robert Thompson, Regional Counsel
Mr. Reginald LaRosa, Director, Environmental Engineering Division, State of Vermont
Mr. William Brierly, Construction Grant Chief, State of Vermont
Mr. Richard Czaplinski, 208 Program - Vermont
Ms. Marilyn Davis, Environmental Engineer - Vermont
Mr. Harold Garabedian, Air and Solid Waste Program - Vermont

Regional Overview

In general the SEA experience has been fruitful. SEA's have clearly expedited the resolution of several issues that have been difficult to deal with in the past. More specifically, the SEA process has (1) opened up avenues of discussion between different programs, (2) allowed the RA and top State officials to focus on major issues and provide management review and direction if needed and (3) provided an opportunity for EPA and the States to jointly identify and agree on what the significant environmental issues in each State are. The only major problem from the Regional Office's perspective appears to be tracking the large number of issues (60-75) identified by the SEA process. The initial solution to this problem is to conduct quarterly meetings for the project managers to report to the RA and DRA the status of each issue.

SEA FY 1979

Status of Agreements

<u>State</u>	<u>Date Finalized</u>
Maine	2/1/79
Massachusetts	4/25/79
New Hampshire	2/5/79
Rhode Island	3/28/79

Status of Agreements (Continued)

<u>State</u>	<u>Date Finalized</u>
Vermont	11/28/78
Connecticut	No FY 79 SEA. Efforts were directed toward an SEA for FY 80

Regional In-house Process for Developing FY 79 SEA's

1. During July 1978 preliminary instructions were sent to each State environmental agency outlining the SEA system.
2. During August 1978 preliminary lists of major management and environmental issues were developed by Region I's Grants Policy Committee (DRA, Division and Office Directors) for each State.
3. These lists were discussed with each State agency and through a negotiation process about 12 specific issues were agreed upon for development. The DRA led the negotiating team.
4. EPA staff level personnel were assigned to develop work plans in conjunction with specific individuals at each State agency.
5. All draft issues were reviewed for consistency, finalized and combined into the individual SEA's. Each SEA was signed by the Region I RA, the head of the State environmental agency and, except for Massachusetts, the Governor.

The organization set up to complete this task included overall direction from the Grants Policy Committee, staff coordination from the SEA coordinator located in the Water Division, and the Project Managers from the various divisions who were assigned to specific issues.

Signators

The following is a list of the individuals who signed the agreements in each State:

Maine
Commissioner, Department of Environmental Protection
Governor
RA

Massachusetts
Commissioner, Department of Environmental Quality Engineering
RA

Signators (Continued)

New Hampshire
Executive Director, NH Water Supply and Pollution Control
Commission
Governor
RA

Rhode Island
Director, Department of Environmental Management
Governor
RA

Vermont
Secretary, Agency of Environmental Conservation
Governor
RA

Public Participation

Public participation was spotty in the SEA process. The Region relied on the public participation activities carried out under the individual program grants.

Priority Areas

In the Regional Office, the priority areas were selected by the Grants Policy Committee. Each committee member presented a list of major issues. A ranking process was used to identify the top 12 to 15 issues in each State. These issues were presented to each State at meetings held in their offices; and, based on these meetings, the final lists of issues for the SEA's were developed.

In general, the issues listed in the agreements agree with EPA National Guidance. Region I States emphasize certain programs, such as Clean Lakes, to a greater extent than the National average; and in a few cases there are "hot" State specific issues that are not high National priorities but are of major importance to the States involved. The priorities included a mix of one-year and multi-year items and covered program areas other than water.

The specific priority areas for each State are as follows:

Maine

Delegation of Construction Grant Program
Delegation of NPDES Permit Program
Response to environmental emergencies
Implementation of an enforcement policy for point and non-point sources
Clean Lakes Program
Development of a solid waste management plan

Establishment of a hazardous waste management program
Better coordination for all environmental programs
Revision of State implementation plan
Improved coordination with EPA for new source permit reviews

Massachusetts

Delegation of Construction Grant Program
Improvement of response to environmental emergencies
Assessment of need for advanced wastewater treatment in specific locations
Improvement of coordination with EPA for new source permit reviews
Delegation of NPDES Permit Program
Establish a working group to consolidate activities concerning Boston Harbor's environmental problems
Improvement of SEA process
Creation of a central office for public participation
Creation of a division responsible for solid and hazardous waste disposal

New Hampshire

Monitoring program, Town of Wolfboro spray irrigation system
Integrated point and non-point source water quality management planning
Development of FY 80 SEA
Delegation of Construction Grant Program
Response to environmental emergencies
Kezar Lake restoration study
Resolution of Construction Grant Issues
Begin implementation of drinking water regulations
Improved coordination with EPA for new source permit reviews
Clean Lakes program
Procurement of engineering services for Construction Grants Program

Rhode Island

Management of SEA effort
Implementation of Section 404 of Clean Water Act
Revision of State Implementation Plan
Water quality in Providence Metropolitan Area
Water quality management planning
Response to environmental emergencies
Improved coordination with EPA for new source permit reviews
Providence Metropolitan area wastewater treatment projects

Vermont

Delegation of Construction Grant Program
Dredge and fill permits, wetlands protection
Better coordination for all environmental programs
St. Alban's Bay restoration project

Development of a noise program
Streamline present NPDES permit system
Revision of State Implementation Plan
Formulate a multi-media toxic substance control strategy
Respond to environmental emergencies
Determine role of the Waste Treatment Management Planning Board
relative to the total Water Quality Management Program
Develop a policy on advanced waste treatment
Improved coordination with EPA for new source permit reviews

Specific Successes/Problems

There are numerous examples of areas where Region I SEA's have been successful, including:

- o In general, by using project managers, responsibilities were assigned to staff people who have a major impact on the success or failure of the issue.
- o In New Hampshire, the bimonthly meetings on the Construction Grant Program have been very helpful in resolving policy issues and for discussing problems on specific projects.
- o In Vermont, the SEA helped focus on the issue of whether or not the Wetlands Permit Program could be delegated to the State. It was finally decided that delegation was not feasible since many of the wetland areas are national property under the jurisdiction of the Corps of Engineers.
- o In Vermont, the SEA has provided an excellent mechanism for EPA and the State to manage the St. Alban's Bay Restoration Project.
- o In Vermont, the State Director of Environmental Engineering found the SEA helpful when dealing with the State Legislature. The SEA clearly and simply highlights the major environmental issues in the State and shows what specific commitments the State has made to EPA for which additional resources and legislative support might be needed.
- o In general, SEA has expedited revisions to State Implementation Plans.
- o In New Hampshire, 208 funds are now being used for looking at alternatives to treatment plants, i.e., septic tanks.

There have not been many problem areas. The more major ones are:

- o It is difficult to get the public interested in SEA's. The public seems to be more interested in specific projects rather than the broader issues and problems that are addressed in the SEA's.

- o The ZBB process and SEA process are not phased properly. ZBB and SEA's should be done at the same time. By the time SEA's are negotiated the resources have already been assigned under ZBB.

SEA FY 1980

Regional Process

The process is similar to the process used in FY 79. There is more emphasis on trying to coordinate ZBB, the SEA process and the State program grants. The Grants Policy Committee will play a major role in formulating the strategy for this coordination. The SEA Coordinator again will be the Regional 106 Coordinator and is located in the Water Programs Division. The Regional 105 Coordinator will provide substantial support in FY 80. In addition to the air programs, the 105 Coordinator will be responsible for overseeing all issues related to the Air and Hazardous Materials Division.

Where more than one State agency will be involved in developing and implementing the agreements, EPA will urge coordination but not insist on one agreement in the State. EPA will negotiate more than one agreement and will seek the Governor's approval and an "umbrella" statement.

See Attachment A for a detailed discussion of the Region's FY 80 procedures.

Schedule

As of June 26, meetings to discuss 1980 SEA's have been conducted with the major environmental agency in all States except Rhode Island and semi-final lists of issues established. Draft agreements are expected by August 1, except for maybe Rhode Island. Final agreements are expected on September 1. All agreements should be signed by October 1.

Priorities

There have been some changes over the FY 79 priorities. The changes are because some items were completed in FY 79, and new program areas have been added in FY 80.

Public Involvement

Public participation is mostly being conducted at the State level. The major technique being used is the "public meeting" with an open discussion of issue selection. Public involvement has increased compared to FY 79; however, it is still very difficult to generate public interest in as broad a topic as the SEA. For example, Vermont sent out 200 notices to potentially interested persons; and only several showed up at the public meeting. In addition, Connecticut spent approximately \$10K to announce and hold a public meeting. However, attendance was poor.

Reporting/Tracking

Specific milestone accomplishments are expected from each State and Region I on all Agreement issues. Commitment will be assured on EPA's part by holding quarterly status meetings and developing recommendations on either State or EPA deficiencies. It is unlikely that any major increased or decreases in paper work will occur during FY 80. General Agency reporting requirements will increase somewhat in order to track the "State specific" items that are included in some SEA's. However, in general, the staff thinks these items should be tracked in any event because of their significance.

Regional Recommendation for SEA Process

- o Keep the requirements flexible. SEA's must be tailored to each Region's management style in order for the SEA process to be effective.
- o Continue to publicize success stories.
- o Issue National Operating Guidance no later than January of each year.

Survey Team Comments

The SEA process has been received well in Region I. This is illustrated by the fact that five of six States signed agreements in FY 79, and all will sign in FY 80. In addition, in FY 79, program areas were covered in agreements that went beyond the requirements.

The problem areas that were identified in Region I are general problems and not Region specific. In spite of these general problems, the number of successes was great. The Regional office has initiated an internal management system based on the SEA principle of joint problem identification and joint commitment.

(This memorandum has been retyped for clarity in printing.)

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

DATE: April 2, 1979

SUBJECT: FY 80 State/EPA Agreements: Coordination with ZBB and Program Grants

FROM: Rebecca W. Hanmer, Deputy Regional Administrator

TO: William R. Adams, Jr., Regional Administrator

The Grants Policy Committee* met on February 27 to consider means for coordinating the Region's activities during this fiscal year in connection with Zero Based Budgeting, State program grants and the State/EPA Agreement ("SEA") process. Out of that meeting have come a number of agreements and recommendations which will strengthen the Region's abilities to manage each of those processes in a manner which coordinates with the others.

As you know, Region I has decided to negotiate State/EPA Agreements for FY 80 with each State agency receiving an EPA program grant** covering all media. (In FY 79 we aimed for SEA's with all States. With some exceptions, only in Vermont were all media covered.) Therefore it was appropriate for the Grants Policy Committee to explore means to be as efficient as possible in carrying out the workload associated with this broader goal.

The Grants Policy Committee has agreed upon the following matters:

1. Signatories. We will negotiate individual sections of the SEA with each program grant recipient and tie sections together with a covering agreement signed by the agency heads (as to their particular sections) and the Governor.
2. Scheduling. All SEA's will be signed by October 1. All State program grants will be fully negotiated by that date. (According to Tom Jorling's February 27, 1979 SEA guidance, no program grants are to be made under §§106 and 205(g) of the Clean Water Act, RCRA, and other programs until an SEA has been completed.)
3. Coverage. We will aim for the top twelve issues in each State. Given our experiences with the FY 79 SEA's which covered twelve issues, we feel that it would be difficult for top management to track any more than that in FY 80. Expanding the SEA to cover all media will mean that we have to be confident that the Region's selection of priority issues is correct.

*A list of Grants Policy Committee members appears at the end of this memorandum.

**A list of State agencies which receive EPA program grants is attached as Appendix A (withdrawn).

4. The ZBB process as the Starting Point. We feel that the identification of key SEA issues should take place at the time the Region and the States are going through the multi-media reviews associated with the ZBB process. Each of the members of the Grants Policy Committee has committed himself to read all of the Headquarters guidance just prior to the April 16 meeting at which the Region's suggested list of key SEA issues will be put together. The States will presumably have become familiar with those portions of the guidance which bear on their own programs and will have begun the process of quantifying planned program commitments at the time the Region's list of key SEA issues is sent to them and they are requested to identify their own lists of key SEA issues.

This sequence of events is shown on the schedule appearing below.

5. Concurrent Program Grant and SEA Negotiations. Due to the resource relationships between SEA and program grants, we have decided that the negotiation process for both documents should take place concurrently. Any special priorities for resources which become apparent as a result of this focus on key SEA issues should be reflected in the program grants.

6. Multi-year Strategy Development. In the SEA, each key issue will be placed in context by a short description of the long-range program for resolving the issue. This will place the current one-year program in context. This will be a new feature of the FY 80 SEA's. With our emphasis on brevity and relevance, I feel that preparation of these short statements will be relatively painless and certainly worthwhile. We will also seek short (not to exceed two pages) multi-year strategy statements for each of the program grants.

7. The timetable of Events for FY 80. Here is a schedule of activities for the remainder of this fiscal year which illustrates how the Region will coordinate the three processes:

February/March	1. Receive draft guidance.
	2. Receive final guidance.
	3. Send draft/final guidance to States.
	4. Consult with States on guidance.
	5. Regional personnel begin to identify candidate key SEA issues.

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| March/April | <ol style="list-style-type: none"> 1. Senior managers review all guidance documents. 2. Grants Policy Committee meets to review progress on ongoing FY 79 SEA's (scheduled for April 9). This meeting could produce agenda items for EPA's mid-year evaluation of State programs. 3. Grants Policy Committee meets to review FY 80 guidance priorities and identify up to twelve suggested key SEA issues per State (scheduled for April 16 and 17). 4. Region sends States: <ol style="list-style-type: none"> a. List of suggested key SEA issues b. Application forms for program grants |
| April/May | States develop lists of key issues and send to EPA (due by May 15). |
| May/June | <p>DRA visits States to confer and agree on:</p> <ol style="list-style-type: none"> a. Mutual list of key SEA issues b. Names of project managers |
| June/July | <ol style="list-style-type: none"> 1. Project managers prepare draft work plans for SEA issues (due by August 1). 2. Selected draft program grant applications begin to arrive in Region. 3. Grants Policy Committee hold third-quarter review of outstanding SEA's. |
| August | <ol style="list-style-type: none"> 1. Project managers prepare final SEA work plans (due September 1). 2. EPA program grant managers review and comment upon draft program grant applications. |
| September | <ol style="list-style-type: none"> 1. Region I and States finalize SEA's and prepare for signing. 2. Region I and States agree on final terms of program grants. |
| October | <ol style="list-style-type: none"> 1. All SEA's are signed. 2. All terms of program grants are agreed upon. |

3. First set of \$105 CAA grants is made.
4. Grants Policy Committee holds fourth-quarter review of outstanding SEA's, prepares and sends final report.

November/December

1. Region I receives advices of allowance for FY 80 program grant funds.
2. Region I makes program grants for all media.

8. The New Grants Administration Group. I have asked all program grant managers in Region I to form a group, to be called the Grants Administration Group, under the chairmanship of the Management Division Director. The purposes of the Group are:

1. To develop common procedures and timetables for carrying out program grant functions and to exchange ideas on how to improve the process.
2. To identify the best means for carrying out public participation in the SEA/program grant cycle.
3. To identify means for eliminating excess paperwork in the process, including establishing page limits for program descriptions and other grant documents.
4. To coordinate SEA work with program grant work carried on in and among their respective programs.
5. To demonstrate whether or not such a Group is the best means of achieving administrative coordination among separate programs (as opposed to a more centralized organizational structure).

9. Oversight by the Grants Policy Committee. The Grants Policy Committee has agreed to conduct regularly quarterly reviews of each SEA. The individual project managers will be asked to furnish a very brief written account of performance under each work plan in advance of each quarterly meeting. At the meeting, each project manager will give a brief (five minutes or less) description of where his project stands, and time permitting, will answer questions from the Committee. The Committee has already had one such meeting (February 21, on Vermont) which went well, although we did not ask for written statements at this first meeting. I think that it is a good idea to limit each meeting to two hours or so in order to avoid saturation, so it may be necessary to space the quarterly meeting process over two or three days.

10. RA and DRA Follow-up After Quarterly SEA Reviews. Plans for follow-up within the Region can be made at the regular meetings with individual senior staff members following each quarterly review meeting.

In addition, we will follow up with each State agency. This could either involve a telephone conversation, sending progress notes to a State, or a visit. In either case, the RA and/or DRA will touch base with the State agency head and agree on any mutual follow-up measures. After the February

meeting, I sent Tex LaRosa our notes from the review and he replied in writing.

Although it is too early to tell whether or not this would work, I am also giving thought to the possibility of having the State agency heads come to the quarterly review meetings. I would appreciate your thoughts on this as well.

11. Side Benefits of SEA's. The SEA process will have a number of interesting side benefits.

a. Spillover of SEA Techniques to General Program Management. The idea of identifying and agreeing upon priority issues, developing work plans (with schedules) and assigning clear-cut responsibility for implementing those work plans is not limited to the SEA context. It is perfectly appropriate for program managers to use the same techniques for resolving issues which have sub-SEA priority.

b. The SEA Process as an Integrating Process. In contrast with other approaches to State/EPA Agreements which have been tried in EPA, the Region I approach stresses the integrated and integrating nature of the process whereby final agreements are reached, rather than attempting to prepare final documents which cover all programs and all media in a comprehensive way. The Region I approach accomplishes the task of integrating programs and media during the interactive process among the senior managers of those programs both at the State and Regional levels. The Region I approach imposes a discipline on the process by focusing on priorities at all stages. Because the selection of priorities is done by the collective work of the most senior and experienced Regional managers, assisted by their staffs and in coordination with the ZBB process, we can have a high degree of confidence that those priorities are truly the issues we should focus on. By narrowing down to 12 issues per state (72 in all, not accounting for overlap of issues among States), we arrive at a manageable workload.

In sum, the Region I approach to SEA's provides comprehensive, integrated coverage of all programs and media in a format which our senior managers, including the RA and the DRA, can use as an effective management tool.

c. Improved Regional Management. The SEA process acts as a continuous screening device for bringing priority items to the attention of top management. The Grants Policy Committee is a good forum for resolution of policy issues, especially on inter-divisional items affecting State relations. It is also an excellent forum for information exchange on all priority issues. Judging from the results of the February 21 meeting, the quarterly SEA overview meetings will eliminate the need for numerous side meetings which would otherwise occur.

d. Identification of High Potentials. The project managers designated in SEA's will be very visible to top management in the Region. The oral and written progress reports as part of the quarterly overview process will enable us to assess their performance, both in terms of results achieved as well as the thoughtfulness and style with which they do their work.

e. Information Spreading. It will be possible for Regional Personnel who are not actually working in the various programs to obtain information on all programs by reading the SEA's and the quarterly reports. In addition, the project managers who attend quarterly overview meetings will participate in the discussions of all key SEA issues. Finally, the Grants Administration Group will be a vital forum for information exchange across traditional program lines. All in all, improved information flows should lead to enhanced multi-media problem-solving capabilities.

12. SEA's and Program Accountability, Relationship to Performance Agreements.

The SEA's are excellent management tools for evaluating the performance of Region I managers at all levels. During the quarterly reviews, the RA and DRA will be able to judge for themselves whether or not the project managers are performing satisfactorily on their individual projects. The performance of supervisors at all levels can be judged on the basis of the overall performance of their units in carrying out the high-priority SEA assignments. This information can be used in evaluating senior management and other supervisors for purposes of merit pay, etc.

13. Grants Policy Committee Membership. The current members of the Grants Policy Committee are:

- a. Deputy Regional Administrator
- b. Regional Counsel
- c. Water Programs Division Director
- d. Enforcement Division Director
- e. Air and Hazardous Materials Program Division Director
- f. Surveillance and Analysis Division Director
- g. Management Division Director
- h. Director, Office of Congressional and Intergovernmental Affairs

In view of the management opportunities offered by the Grants Policy Committee, you might want to consider chairing it yourself, with me as vice-chairman or co-chairman.

REGION II SEA TRIP REPORT

Introduction

Background Information

Dates of Survey: June 20, 21, 1979; conducted by Art Glazer (Office of Solid Waste) and Tom Kelly (Office of Planning & Management)

Persons Contacted:

- a. Policy - Mr. Dick Dewling, DRA
- b. Process - Mr. Mike Bonchonsky, Toxics
Mr. Steve Luftig
Ms. JoAnn Brennan
- c. Components - Mr. Mike Bonchonsky, New York; Toxics
Mr. Bill McCabe, Puerto Rico; 201
Mr. Jim Rooney, New Jersey; 208
Ms. Andrea Sklarew, Virgin Islands; Water Supply
Mr. Harry Smith, Water Supply
Mr. Mike DeBonis, Solid Waste
Mr. Bill Baker, Air
Mr. Alex Salpeter, Air
Mr. Jeff Zelikson, Water Division
Mr. Ray Pfortner, Public Participation
- d. Administration/Finance:
Mr. Mike Bonchonsky
- e. State Representative:
Mr. Al Bromberg, New York

Regional Overview

1. Characterization of Regional SEA Experience

Region II is a pioneer in the State/EPA Agreement process. The Regional Administrator initiated the first SEA in the country with New York State. By and large, Regional staff take substantial pride in their initiative, and strongly endorse the special character of their approach: to include all program resources in the SEA. Many staff count the cost of energy and time consumed in the development of the first document, however, and look forward to the preparation of simpler, more manageable documents in 1980. As one staffer put it, "If the SEA isn't simple, it can't be what it's intended to be: a management tool."

Although New York is the only State that completed an Agreement in FY 1979, New Jersey, Puerto Rico, and the Virgin Islands will sign agreements in FY 1980. In FY 1979 the New York Agreement covered Clean Water Act programs,

as well as Water Supply, Solid Waste, and Toxics. The 1980 Agreements will include these programs and add Air. According to Region II staff, the principal function of the SEA is to improve day-to-day coordination and management of environmental programs between States and the Regional Office. And while the possibility of reallocation or pooling of grant funds authorized by separate legislative paragraphs is enticing, it is the more ordinary virtues of the SEA which attract the most support within the States and Regional Office. The principal advantages cited by most respondents were: improved mutual priority setting by State and RO; an appropriate focus on environmental problems, rather than just on routine program administration; and increased communication and cooperation between State and Regional staff, and among the staffs of different programs at both levels.

2. Major Successes and Problem Areas

Successes:

- o **Comprehensiveness:** The New York SEA for 1979 is notable for its coverage of all program elements in the Clean Water Act, RCRA, SDWA, and TSCA. Regional and State staff, with the aid of a contractor, were able to agree on general principles and shared understandings in these areas.
- o **Problem Orientation:** The New York FY 79 SEA and documents in preparation succeed in focusing attention on principal trouble spots in States, as well as on routine program administration. In this respect, the SEA has lent greater order and formality to the State/Regional planning process, since Regional staff are now involved in identifying State priorities to a greater extent than before, when the principal negotiation tool was the grant application.
- o **Building on Successful Planning Approaches:** The principal priority-setting technique for SEA's in Region II builds on a process already in place. The Environmental Assessment Process allows Regional staff to analyze water problems, basin by basin. This process was used successfully as the principal means to identify problems to be included in the SEA.
- o **Better Communication and Coordination:** Regional staff reported that the process of developing SEA's has brought personnel from separate programs into more frequent and substantive contact with one another than before. With this communication has come better understanding of common problems and the contributions which people of different experience and responsibilities can make to problem solving. The same is true in New York State, where, according to several respondents, the SEA process was principally responsible for the reestablishment of effective cooperation between the Department of Public Health regarding water purity and supply issues.

- o Paperwork Reduction: Although preparing the SEA itself caused a substantial increase in paperwork in the first year, the work required to apply for and award the 106 grant was substantially reduced. In subsequent years, as SEA negotiation grows simpler, a net reduction of paperwork seems likely.
- o Public Participation: Despite problems of timing in some cases, public participation in the review of the FY 1979 New York SEA and the FY 1980 New Jersey SEA has been strong and effective. In the case of New Jersey, organizations representing the public have requested and obtained substantial revisions of style and content in a December draft of the upcoming SEA.

Problem Areas

- o Scope: Although the New York Agreement managed to cover all components of its subject program at substantial length, many staff members suggested that there was too much material involved for day to day use. The document was so big it was intimidating. Parenthetically, at least one Region used the New York experience as a foil for its own efforts. Concerned by the scope of the New York prototype, that Region spent extra effort to write brief, manageable documents.
- o Loss of Precision: Because the specific problem elements covered in the NY 79 Agreement were embedded in long expositions of program assumptions and philosophy, managers could not focus easily on specific work steps for problem resolution. Action steps were presented ambiguously in many cases. The document was simply too unwieldy for use as an everyday reference.
- o Effort: Because of the emphasis on producing an unusually broad-scope document in 1979, staff found themselves exerting long hours of effort negotiating matters of little day to day applicability. As one staffer put it, "We spent 50 pages of effort on 15 pages of utility."
- o Unique Governments: Puerto Rico and the Virgin Islands present special problems because of their different cultural and organizational perspectives. Further, environmental problems in these jurisdictions are severe, and Federal funds quite sparse in comparison with those available to larger jurisdictions. While SEA's promise improvements in environmental programming in these areas, there are severe organizational problems which limit any substantial gains through this mechanism.
- o EPA vs. State Commitment: More than one observer noted that the direction in Region II favored State commitments to EPA rather than the converse. It is not yet clear whether this observation will characterize the 1980 SEA's, but several staffers suggested that even-handed, mutual work plans are desirable.

- o Operating Plans/SEA Coordination: EPA's Annual Guidance has been arriving in the Regions in April; Draft SEA's are due in June. This leaves little time for adjustment of the SEA to the demands of the Guidance. Further, the Agency's reporting system favors ease of measurement over substance. Faced with a requirement to issue "n" permits in a given year, the Region would be disinclined to pour substantial time and energy into the careful negotiation of a single key permit in a high priority problem area. PPA's may undercut the Region's investment in SEA's in this way.
- o Reliance on Contractor: Region II has used contract assistance in the preparation of New York and New Jersey Agreements. While such support is useful for certain tasks, it may be that the contractor took too great a role initially, inflating the scope of the first Agreement and discouraging optimal participation by the staff which would be working with the completed document.
- o Public Participation: The timing of public participation is a problem. Because the draft SEA cannot be completed until June, there is no opportunity for public review before summer. Since public hearings are impractical during summer vacation periods, they must be scheduled for Autumn, when there is little time for the Regions to incorporate public recommendations into the SEA.

FY 1979 SEA's

New York was the only state to complete an SEA in FY 79. Staff members at the RO analyzed water quality, water supply and solid waste problems for each Basin, and compiled a list of priorities. The State and RO staff negotiated an agreement on issues which seemed to be in need of immediate action. The National Guidance was flexible enough to accommodate all the decisions which were made.

The work program was rather general; it is not clear how progress evaluations could be made. Management of the SEA has been rather informal. Program chiefs and their state counterparts are in contact weekly by telephone, and a review meeting is planned for summer.

The RA has an Advisory Council which met three times during SEA development. The Region published a 20 page brochure describing the SEA, held limited external meetings and three general public hearings. The publicity generated significant public interest -- in fact, the Region was criticized for not providing more information.

FY 1980 SEA's

For 1980 negotiations there has been a focus on writing simpler SEA's and increasing the emphasis on problem solving.

Regional and state staff are generally satisfied with the 1980 guidance. As one staffer stated, "Guidance is guidance, not policy."

They feel that the guidance gives a general overview of Headquarters' goals in implementing the SEA process, and still has sufficient flexibility for Regions to adapt negotiations to state needs.

The Region wants to keep reporting requirements simple, and accommodate them within the PPA reporting system, perhaps adding a few outputs based on specific SEA understandings. In the Water Supply program there will be special emphasis on quantitative reporting in FY 80, but this may be independent of understandings reached in SEA negotiations.

Region II's "noble experiment" has had mixed results. Few Regional staffers feel that current payoff from the SEA is in proportion to the effort expended in FY 1979. This is not to say that there have not been substantial benefits from the FY 1979 process, but the benefits seem to have come from the process of thinking through and negotiating solutions to environmental problems, rather than from the utility of the resulting document. Unless the FY 1980 documents emerge as simple, concrete, accountable tools by which to manage mutual State/EPA problem solving, there is reason to believe that the strong group commitment which led to the first complete SEA in the country will gradually dissipate.

REGION III SEA TRIP REPORT

Background

On June 28 and 29, 1979 two members of the OWHM staff, Tim Icke (Office of Water Planning & Standards) and John Trax (Office of Drinking Water) visited the Region to collect information on the SEA process.

Persons Contacted: Nicholas DeBenedictis, Director, Office of Intergovernmental Affairs and Public Awareness (OIRPA)
George Bochanski, Acting Chief, Public Awareness Office
Mary Lewis, Public Participation Specialist
Dan Ryan, Maryland/Delaware Program Advisor
Paul Ambrose, Maryland/Delaware Program Office
Dick Pastor, Pennsylvania Program Officer
Greene Jones, Director, Water Programs Division
Robert Allen, Chief, Hazardous Materials Branch
Henry Brubaker, Program Advisor

Regional Overview

The Region appears to be making excellent progress in developing SEA's with each State for FY 1980. The progress is evidenced by the current status of the agreements and projection that all SEA's will be signed by October 1, 1979.

Since the Region did not develop SEA's for FY 1979, they had to seek guidance and information from other Regions and Headquarters to plan and develop the Regional SEA process. Using this information, the Region developed on its own initiative an SEA process to fit the needs and requirements of the Regional Office and the States within the Region.

The process that has been developed places major responsibility for completion of the SEA on the Office of Intergovernmental Relations and Public Awareness (OIRPA). Using existing structure, a Program Officer becomes responsible for the development of the SEA for a state or states. The Program Officers are key to the Region III SEA experience. Thus far, they have been able to coordinate the internal working of the Regional program staff and at the same time, provide direction and assistance to the various state persons involved in the process.

However, if the Region III process is a success, it will be due primarily to the emphasis the Regional Administrator has placed on the effort. Without the support from top management, the Program Officers would have a more difficult, if not impossible, challenge in achieving the coordination of the programs that is required to develop the SEA's.

The Region III SEA experience has been positive as demonstrated by the testimony given by all persons contacted. As stated by several persons, the key benefit derived is the awareness of the issues/problems of other programs within the Region.

The Region has had several major successes. They are:

1. The decision to designate the Drinking Water Program in FY 81 in Pennsylvania as a high priority;
2. The briefing of State legislators on the SEA process and their general acceptance of it; and
3. The coordination within the Region to develop the SEA's.

The Region is also aware of some problem areas as they progress toward consummation of the FY 80 SEA's. They are:

1. The lack of public participation in some of the States in the early stages of development of the SEA's, and
2. The lack of involvement of Regional areawide agencies in the SEA process.

Since no FY 1979 SEA's were negotiated, there is no detailed discussion on the FY 1979 process. It should be noted, however, that some of the groundwork for the FY 80 process was laid during FY 1979. Initially the responsibility for the SEA was given to the Water Division Director. Under his leadership, progress was made in developing a more integrated/ coordinated approach to Water Programs.

The responsibility shifted from the Water Programs Division in January 1979 to OIRPA, which was newly established by the RA. At the same time, a Regional policy was established to include not only water-related issues, but air and other environmental issues as well in the SEA. It was at this point that the FY 1980 process actually got underway.

FY 80 SEA Process

The FY 80 process involved the following steps:

1. Briefing of Governors and key State program people on the SEA process by OIRPA and the RA;
2. OIRPA Program Officers prepared draft Regional issues, after receiving input from each Division Director, for their particular State (Part I);
3. Draft issues reviewed and commented on by each Division's designated SEA coordinator in the Regional Program Offices. Some of the Offices shared the drafts with their counterparts in the State program;
4. A second draft of the key issues was prepared and reviewed by the Division Directors;

5. A third draft was prepared for and reviewed by the DRA/RA;
6. A final draft was prepared and forwarded to the States for review and comment. By this time the States were very much aware of the key issues, so essentially there were no surprises when they received the final draft from the Region;
7. After review and comment by the State a final document will be prepared which will be part of the final SEA package to be signed;
8. Part II, which is the summary of program-by-program activities required to resolve each of the key issues/problems identified in Part I, will be completed by beginning at Step 3 and progressing to Step 8;
9. Part III, which is the routine annual program grant application, will be developed in the usual manner -- i.e., Regional program people will negotiate directly with their counterparts in the States to develop the annual work plans. The work plans will follow priorities listed in the SEA and program guidance issued by the Region to the State;
10. When all three parts are completed, they will be assembled/ packaged as the SEA. This package will be signed by both the RA and the Governor to consummate the SEA.

State Processes

Not very much is known about the State processes to consummate the SEA in Region III. However, the State program people are involved in developing all three parts of the SEA.

Schedule

The SEA schedule for Region III is:

Continuing to June 30	Negotiation with States on general parts of SEA, including development procedures.
April 15 - May 15	Prepare and forward State-by-State guidance package developed by tailoring HQ guidance to the particular State's needs.
May 15	State/EPA issue fact sheet to announce public public meetings or simply to request input into the SEA development.
May 15 - July 1	Meet with States on guidance and develop work plans for all involved programs (grants).

July 1	Target date for draft of general portions of SEA's. 105/106 work plans due. Public Notice issued.
July 1 - August 31	Public participation and negotiation on SEA. Finalize details on individual grants.
August 15	Formal hearing on State/EPA Agreement; 105/106 and other grants.
September 30	SEA signed; grant amounts determined.
After October 1	Grants awarded as funds become available.

At the time of our visit, the Region was approximately two weeks behind schedule.

Status of SEA's

State	Agreement		Anticipated Execution Date
	Draft In Preparation	Draft Reviewed	
1. Virginia	Part I Complete	Part II In Draft	October
2. Pennsylvania	Part I Complete	Part II In Draft	September
3. Maryland	Part I Complete	Part II In Draft	October
4. W. Virginia	Part I Complete	Part II In Draft	September
5. Delaware	Part I Complete	Part II In Draft	September
6. D. C.	Part I Complete	Part II In Draft	September

Negotiating Organizations

EPA -- RA has been involved in the initial briefing of each Governor. RA will fine tune the final agreement and negotiate/sign the final agreement.

DRA has been involved in the fine tuning by providing comments on documents developed by Program Officers and Categorical Program Division Directors.

OIRPA has quarterbacked the process. Prepared briefings to the Governors and legislative committees in each State. The staff has been involved with each State staff to develop priorities and program strategies (Part II).

Division Directors have not been very involved. However, they have delegated the major responsibility to their Branch Chiefs while retaining overall responsibility.

State -- Governor approves and signs SEA.

Program Directors/State Secretaries negotiate details of SEA with EPA (OIRPA and Branch Chiefs).

Public Involvement

The public involvement for the FY 80 SEA will vary from State to State. The public will only be formally involved in the hearings to be held in late August and early September. Some States, with assistance from Region III, are mailing fact sheets to interested groups and citizens on the SEA process. Also, the Region is assembling an information package on the SEA to be available to the public.

The Fact Sheet and the information package will not contain the priority issues; they will address the general SEA process. The public only has one opportunity to read and comment on the FY 80 SEA. Since most of the hearings are scheduled late in the process, there is some concern that any comments made by the public will have only marginal, if any, impact on the FY 80 SEA.

However, the Region has developed a plan for a follow-up on the FY 80 SEA. This will include a questionnaire on the FY 80 process, a solicitation of ideas for improving the process, and a request for support of the FY 81 SEA. Response to the questionnaire will automatically place the responder on a Regional and a State mailing list.

The Region is exploring alternative means to raise the visibility of the SEA's with both the public and the Congressional delegation.

Procedures

In Part I of the SEA a mix of environmental and programmatic issues will be addressed in each State. The Region will deal with major programmatic problems as priority issues for the SEA.

Where there is more than one agency involved within the State, all agencies are involved in the negotiating process. Since the Governor and the RA sign the agreement, the individual State agencies therefore are mandated to implement the agreement. There is some evidence that State agencies within certain States (Maryland and Delaware) are now communicating with each other on common environmental issues.

No SEA in Region III has involved areawides or other non-State agencies thus far. It is expected that the FY 81 SEA process will solicit their participation.

Both the States and Region will track progress of the SEA. Not much is known about the State procedure, but in the Region the Program Officers will track progress. The categorical program people will track progress, primarily, of the activities identified in Part III of the SEA.

If some of the milestones are not met, grant money could be held pending resolution of problem(s). It should be noted the Region awards incremental grants -- i.e., 50% initially, 25% mid-year, and 25% near end of year.

Major Achievements

Very few problems have been encountered thus far; however, only Part I has been completed. Perhaps as negotiations get under way on Part II, which is a more detailed portion of the agreement, more problems will be encountered (W. Va. has completed a draft Part II, and it appears to have gone smoothly).

States were somewhat reluctant in the initial stages of the process because:

- They felt it was another short-lived federal requirement,
- It was not a legal requirement,
- EPA was forcing the State to reorganize to meet requirements of SEA.

The foot dragging was resolved by the RA personally exchanging information, etc. with the Governors, State legislators and key officials.

In some States the legislators exercise their appropriation authority to the extent of line items for the agencies budgets. Although the Governor signs the agreement, the legislators must appropriate money for the activities. If there is no appropriation, there is no program. Consequently, the legislators must be fully aware of what is happening with the SEA since non-appropriation could defeat the SEA.

A major success in the Region that can be attributed to the SEA process is the bilateral decision regarding acceptance by the State of Pennsylvania of the RCRA Program, UIC Program and primacy for the Public Water System Supervision Program. The State found it unacceptable to request new budget appropriation for all three EPA programs during the FY 80 budget cycle. Through the SEA negotiations and consideration of various alternatives, the State and EPA agreed to postpone a new budget request and acceptance of the primacy program and pursue new initiatives in the RCRA and UIC programs.

Recommendations

Regional to HQ

- Guidance must be timely to allow the Region to adequately review and comment
- Stability is essential to the SEA process. EPA must not change program direction mid-stream. Since the States are slower to react to change, ample lead time is required for any change to be effected. Additionally, the RA's signature on the SEA says, "this is what we expect of each other for the next year."
- HQ must show a commitment to integration and coordination itself if the Regions are expected to do the same.
- A general HQ/Regional meeting this fall to discuss SEA's would be helpful.
- Guidance should consider bringing the legislative arm of State government into the SEA process.
- Guidance is required on methods to incorporate other agencies (non-state) in the process.

HQ to Region

- Fully develop a complete description of the FY 1980 process. This can be used in planning/implementing future SEA's.
- Devise plan to effect more public participation in the SEA process.

REGION IV SEA TRIP REPORT

This report was prepared by Carol Wegrzynowicz (Office of Water Program Operations) and Steve Jackson (Office of Planning & Management) based upon the regional assessment conducted on 9 July 1979 at the Regional Office.

Persons Contacted: Mr. John Little, DRA
Mr. Frank Silva, State Operations Branch
Mr. Paul Traina, Water Division
Mr. Tom Devine, Air and Hazardous Materials Division
Mr. Sanford Harvey, Enforcement Division
Mr. John Marlal, Technical Support Branch
Mr. James Scarborough, Residual Waste Management
Mr. Gary Hutchinson, Water Supply Branch

Background Information

Region IV chose not to participate in the FY 79 State/EPA Agreement process, making the current effort their first direct exposure to SEAs. Although the Region is making good progress in completing their first year's Agreements, they are considering, and may well make, many changes in the way they handle next year's process. All States are involved in negotiating FY 80 Agreements and the Agreements are expected to be signed by October 1980.

Organization -- SEA FY 80 Status

Region IV's SEA process is administered by its State Operations Branch (SOB), located within the Administrator's Office of Program Integration and Operations (OPIO). In addition to developing SEAs, this group's major activities are to administer the Region's grants (except Construction Grants) to the individual States, interstate and local agencies, as well as serve as the contact point and liaison between the Region and the States on more general issues.

The State Operations Branch directed two of its staff to coordinate and oversee development of the SEAs, each being responsible for four States, in addition to consulting with an interstate agency, ORSANCO. Four other Branch members, each of which is a specialist in a particular program area, support the two State project officers and are involved in the development of all SEAs. The Offices responsible for the covered programs are supporting the SEA process by assigning specific staff to assist in the development of the Agreements. Participation by program staffers, however, has been spotty. A problem mentioned by the SO Branch staff is that, given their responsibility for administering all the Region's grants, as well as their recently added responsibility for developing SEAs, they are significantly under-staffed and feel uncomfortable about the little time they have to spend on individual projects and activities going on within the States.

Process Overview

Region IV began its FY 80 SEA process early in 1979 by alerting the States to the process and forwarding copies of the draft Headquarters SEA Guidance. The Regional Administrator visited the Governors of each of the States to explain the process and to solicit their support. The Region strongly feels that high level State executive support is required if the SEA process is to be successful. Their rationale is that such support is particularly vital in those States where the environmental programs covered by the SEA are located in more than one State agency. Should a Governor not elect to delegate signature action on the Agreement to an agency head, the Governor would have had a first hand opportunity through the RA's visit to better understand and appreciate the SEA process.

Regional staff stated that they took their lead from the draft Guidance in their early discussions with the States, but this had the unfortunate consequence of overemphasizing the funding flexibility aspects of SEAs. Specifically, because early drafts of the Guidance stated that up to seven percent of program funds could be transferred from one program area to another, and because the States believed they were allowed to establish their own priorities for allocation of their EPA resources, the Region IV States developed some independent ideas about how to administer their environmental programs. In several cases, these ideas conflicted sharply with national program requirements. When Headquarters indicated that funding flexibility was to be de-emphasized and would be difficult to accomplish, the impetus for the States' sudden independence was removed and the Region was faced with trying to bring several States back into conformance with the SEA objectives and goals.

Region IV's priority setting process began with SO Branch staff and program office staff developing about 100 priorities that addressed all program areas. The next step took place when the States received the priorities and developed lists of their own. The two lists were then put together and reviewed by Regional program and management staff. A final list of ten to twelve priorities for each State was then derived and approved by the Regional Administrator as suitable for further negotiation. Regional SEA staff teams then began visiting each of the States in a series of meetings. The meetings were held to discuss SEA priority issues and development of work plans, and to negotiate specific grant output commitments in Air, Water and Solid Wastes, which would be included in the SEAs as appendices. The meetings helped all staff members involved to understand the programs outside their own specialties. The final list of priorities included issues from all program areas except noise and radiation; however, one State is now negotiating the addition of a radiation related item.

Since the State visits this Spring, Regional program staff and SO Branch staff have been working with State staff on a smaller scale to refine and finalize the Agreements. The Region has experienced problems, however, with several States that are attempting to assign priority status to issues of low national importance. By doing this, these States are attempting to re-direct

resources and attention away from nationally required activities, effectively circumventing some program regulations they wish to avoid. Regional staff members also maintain that this same group of States is also strongly in favor of the Integrated Environmental Assistance Program because it would allow them the flexibility they are now trying to get from SEA's.

Integration and Coordination

Regional staff stated that it was the Region's intention to use the SEA process as a means of addressing issues requiring program coordination. After the priority issues were developed and agreed to, approximately half of the issues were characterized as being programmatic and so fundamental to the programs that they would have been addressed in any event. The remaining half are of a cross-cutting nature. The SEA process has high visibility at the State and Regional level and the priorities identified have encouraged better communication between program staffs.

More coordination of activities has begun in several areas, including sludge and sludge disposal, hazardous wastes, permitting and drinking water. Although these are all areas where coordination among media seems quite logical, Regional staff stated that coordination efforts were proceeding well only in States that were generally receptive to the SEA idea. One Division Director stated that in order for coordination and integration to take place, EPA had to have both carrots and sticks to offer. Because the funding flexibility aspect of the Agreements had more or less disappeared for the time being, he believes that the Agency has few carrots to offer, but would exercise sanctions if needed. Without sanctions, there is no reason for the States to cooperate with the SEA process unless they want to.

Major Accomplishments

- o A few States in Region IV were not anxious to become involved with the SEA process, fearing EPA was trying to force them into re-organizing their environmental programs. The Region has quieted most of these fears and all the States are reported to be on schedule for signing Agreements in September.
- o The SEA development process has forced various program offices in the Regional Office, as well as in State program offices, to talk to one another. Knowledge and communication among the programs have thus been improved.
- o The Region's efforts and contributions to the SEA process have required programs to include existing and continuing support of the SEA process in their ZBB development.

- o The Region intends to set up a quarterly reporting system wherein the States will report their progress in implementing the Agreements. This should serve as a good means for assessing State and Regional performance.
- o The SEA process raised priority issues and concerns to the attention of the Regional Administrator.

Problem Areas

- o Because of the initial emphasis the Region placed on funding flexibility, and the subsequent reversal of that position by Headquarters, the States maintain that the Region's credibility was lessened and put them at a disadvantage in later negotiations.
- o Several States are persisting in their efforts to have significant program requirements left out of the Agreements and to avoid living up to these national requirements.
- o The SEA process has no incentives to promote its use especially where issues requiring integration are concerned. The Region does not feel at liberty to withhold program funds unless all the rest of the Regions do the same when required, but the Region is, in fact, withholding some Air grant funds from a Region IV State.
- o Because Region IV required that SEAs be done in addition to normal grant application and workplan development, the workload on State and Regional staff was increased. Although not all staff found this burdensome, many did. However, the newness of the process and the need for coordination and integration to be established for the first time in this context, would seem to require some additional work in the first year of SEA.
- o The SEA Guidance from Headquarters lacked specific enough guidelines on how to address issues requiring program integration and coordination.
- o Public participation activities were minimal because of the time and effort required to get the process off the ground, but the States are holding public hearings on the SEA document and process. Public involvement should improve next year.

Recommendations

- o Goals and objectives of SEA need to be clarified.
- o SEA should provide incentives to promote its acceptance by the States. Reduced program reporting requirements that reflect compliance and achievement with national objectives and do not change annually are seen as an incentive.
- o Region tried to tie in individual program guidance and program priorities outlined in the guidance with SEA. This was difficult, if not impossible, because guidance was not always available.

- o SEA Guidance, the Agency Operating Guidance, and reporting requirements should be consistent and all should be issued simultaneously in the beginning of the calendar year. Headquarters should not issue supplemental guidance later in the year.
- o Workplans among programs should be synchronized.
- o Scheduling among programs should be made compatible.
- o Elevate the SEA Headquarter's management process to the Office of the Administrator, or to the Assistant Administrator in order to provide comprehensive oversight.

REGION V SEA TRIP REPORT

Background

On June 28, 1979, Headquarters staff conducted a State/EPA Agreement (SEA) Assessment in Region V. The participants in the assessment from Headquarters were Peter Wise (Chief, Policy and Evaluation Branch, Water Planning Division, OWPS) and Dave Ziegler (Water Planning Division, OWPS).

The purpose of the trip was to assess the efforts of the Region and States in developing FY 79 Agreements and the progress they have made negotiating agreements for FY 80. For this purpose, the Region arranged a series of interviews with the State Coordinators who are responsible for coordinating the FY 80 Agreements for the Region.

Persons Contacted: Ms. Nancy Philippi, Special Assistant, Office of the RA
Ms. Mary Canavan, Illinois
Mr. Dan Banaszek, Minnesota
Ms. Connie Hinkel, Ohio
Mr. Dave Stringham, Indiana
Mr. Joel Mintz, Michigan
Ms. Sara Segal, Wisconsin (absent on 6/28)

The six State Coordinators work in the Regional Administrator's office in Region V. Nancy Philippi, also in the RA's office, is the SEA contact. The Headquarters staff interviewed five of the six coordinators, had an introductory meeting with the five coordinators and Nancy Philippi, and had an exit interview with Ms. Philippi.

The team did not meet with any State staff, nor with any program staff. This approach was taken to minimize the impact of the assessment on Regional and State staff. The assessment, subsequently, lasted only one day.

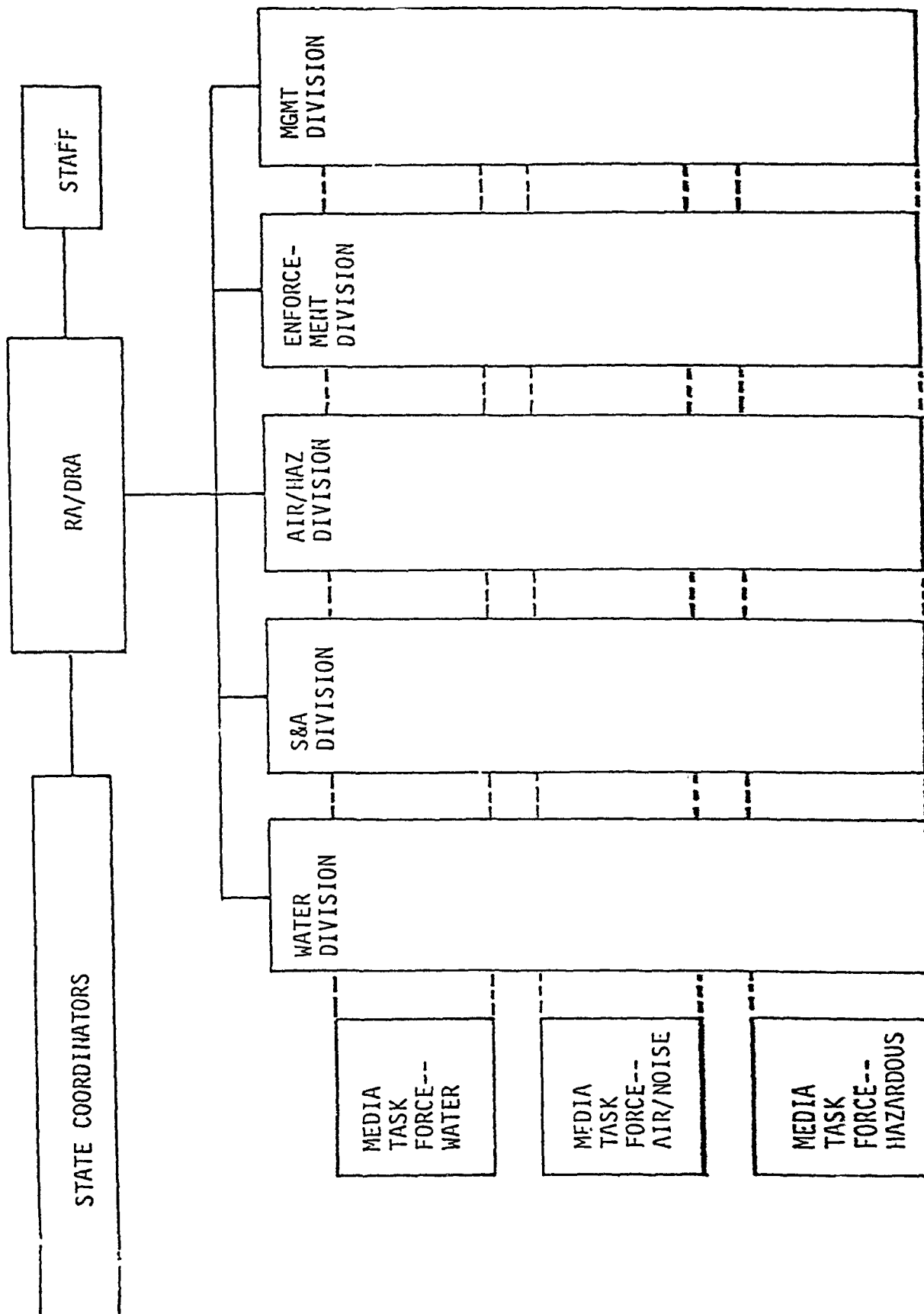
The State Coordinators, working in conjunction with the Regional Administrator, the program staffs, and three media task forces (water, air/noise, and hazardous) coordinate development of the State/EPA Agreements. The task forces receive input from program staff on media priorities, review and comment on draft state work plans and other documents, and attempt to achieve consistency across media and within programs. The same media task forces participate in the EPA Budget process. (See the attached organizational chart).

Introduction

For various reasons, Region V decided not to prepare FY 79 State/EPA Agreements. The States of Illinois and Indiana did prepare five-year strategies for the Water Division, but these were limited in scope to water quality (Clean Water Act) programs.

For FY 80, the Region placed responsibility for coordinating the SEA's with the State Coordinators in the RA's office and set up procedures for developing the Agreements. The process has four phases: (1) problem assessment, (2) problem solving approaches, (3) grants process, and (4) document preparation. The FY 80 Agreements will cover not only CWA, SDWA, and RCRA programs as guidance requires, but also Clean Air Act programs under section 105.

ORGANIZATION CHART
REGION V SEA DEVELOPMENT PROCESS



Although the Region has encountered many problems with the FY 80 Agreements, it has made substantial progress toward having signed Agreements by October 1. Its major accomplishments to date are the identification of State "highlights" and cross-cutting issues, development of problem-solving approaches for these issue areas, and initiation of draft work plans.

During the opening meeting between the State Coordinators and the Headquarters team, the Coordinators raised several issues of concern to the Region on SEA's:

- The Region started preparing the FY 80 Agreements late, and this has caused problems coordinating SEA's and work plans, involving the public and areawide agencies, and coordinating with State budget cycles.
- Some of the State environmental programs in the Region (e.g., Ohio) are losing resources because of budget cuts by State legislatures.
- The drop in 106 (CWA) funding levels from \$52.4 million to \$48.7 million has further strained State budgets and hurt EPA's credibility.
- The SEA process has added to paperwork. The Region and States see it as an additional step in processing grants.

In addition to the problems the Regional staff mentioned, the Headquarters team identified two other areas of concern, which they discussed with Nancy Philippi during the exit interview:

- There seemed to be a certain amount of frustration with the SEA process among the State Coordinators. The Region's organization is new, staff finds itself in new roles, there are many "headaches" in developing the SEA's, and the payoffs are not apparent yet.
- The position of the State Coordinators in the Region's organization chart (i.e., in the RA's office) may make contact with the media task forces and various program staffs difficult. (In the early stages of SEA development, there seem to have been some coordination problems, but the Region now feels they have been overcome.)

FY 80 State/EPA Agreements

The Negotiation Process

The development of the Region V SEA's consists of 18 major tasks, broken down into four main phases. The tasks and the four phases are shown in Table I. In summary, Region V and the States independently nominate issues for highlighting and identify cross-cutting issues. Then after discussion and concurrence on the issues, the States and the Region agree to mechanisms for tracking the solution to cross-cutting issues and develop problem-solving approaches for the highlighted issues. For the FY 81 SEA's, these agreed-upon problem-solving approaches will be incorporated into State-specific guidance for SEA's and work plans. Timing problems, however, made this impossible for the FY 80 Agreements.

PHASE I: PROBLEM ASSESSMENT (March 15 - April 6, 1979)

State and USEPA independently prepare comprehensive problem assessment Mar. 15 - Mar. 27	State and USEPA independently nominate issues for highlighting and identify cross-cutting issues March 27	Joint discussion and agreement on issues to be highlighted and cross-cutting issues to be monitored Mar. 27 - Apr. 2	Concurrence by agency heads, on staff recommendations April 6
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PHASE II: PROBLEM SOLVING APPROACHES (April 6 - April 27, 1979)

State and USEPA discuss and agree on mechanisms for monitoring cross-cutting issues April 6 - 18	State and/or USEPA develops problem-solving approaches to solving highlighted issues April 6 - 18	Joint discussion and agreement on problem-solving approaches to solving highlighted issues April 18 - 23	Concurrence by agency heads, on staff recommendations April 27
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PHASE III: GRANTS PROCESS (March 15 - October 1, 1979)

State specific guidance is sent to State May 4	State submits work plans to USEPA and public July 2	USEPA sends comments on plans to State August 1	State & USEPA negotiate any outstanding issues Aug. 1 - 15	State submits revised final plans September 7	USEPA makes grant awards to State October 1
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PHASE IV: DOCUMENT PREPARATION (March 15 - September 1, 1979)

State and USEPA develop public participation mechanisms Mar. 15 - Apr. 15	State and USEPA staffs complete draft agreement August 1	State and USEPA negotiate and resolve outstanding differences August 15	Agency heads sign final agreement September 1
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Although there are 28 areawide agencies (CWA section 208) in Region V, the second-highest total in the nation as of the time of this assessment, no State had actively involved the areawides in SEA development. However, the Region reports (as of August 1) that the States and the Region have now contacted the areawides, brought them up-to-date on the FY 80 SEA's, and discussed their roles in development of the FY 81 Agreements.

The following paragraphs are brief summaries of the negotiation process in each State:

Minnesota. The Region is working with the Department of Health and the Pollution Control Agency on the Agreements. Each Agency has designated a contact person. The State will consolidate its solid waste and water quality work plans in FY 80. The value of the SEA is that it will set up specific accomplishments for the State to produce first.

Illinois. The Director of the IEPA is the SEA Contact. The Region is dealing only with IEPA on the Agreements, although the Department of Health has part of the drinking water program. IEPA is responsible for obtaining primacy and is responsible for drinking water quality. The State's attitude is constructive, but it tends to focus on institutional/administrative problems rather than on geographic/environmental problems.

Ohio. The State discovered a great number of cross-cutting issues when the State Division Directors met to look at priorities, problems, and highlights. Region V sold the SEA concept to the State as a management tool with which they could obtain high-level agreement on what can realistically be accomplished each year. The State legislature has cut OEPA's budget by approximately \$7 million. The Agreement forces the State to choose between conflicting priorities.

Michigan. The State contact is in the Director's office, Department of Natural Resources. The State organization for SEA development is parallel to the Region's, with issue-specific teams. Michigan has "wall-to-wall" coverage with areawide agencies (CWA section 208) but, at the time of this assessment, they had not been actively involved in the Michigan SEA. The Region and the State made the decision to limit the scope of the SEA to the DNR, even though the Department of Health handles most of the drinking water program.

Indiana. The State contact for SEA development is the Director of the Bureau of Engineering of the Board of Health. The Region V Indiana Coordinator is enthusiastic about the SEA process, because it encourages "thinking before acting", and has been selling the SEA quite actively. Development of the Indiana Agreement has not, however kept pace with the other Region V Agreements.

Priority Selection

Early in its planning for the FY 80 SEA's, Region V perceived a problem which has since occurred in most Regions: what happens to programs which are not identified as priorities in the SEA? Are they automatically low priorities? Will they lose resources? To get around this dilemma, the Region does not identify priorities, per se, in the Agreement negotiations. Instead, the Region and States agree on "highlights", which are significant issues that have a reasonable chance for success in FY 80, have first call on resources, and receive prime mention in the Region's guidance to the State.

The highlighted issues are not, however, priorities in the strict sense of the word, since certain ongoing efforts (e.g., construction grants management) may still absorb more resources.

The highlighted issues which EPA and the States have identified to date are a mixture of administrative issues and environmental problems. It is interesting to note that hazardous waste management is a highlight in every State. The highlights are listed separately in Table II.

Tracking

The Region's policy on tracking the commitments from the SEA's is still under development. The State Coordinators will probably have an oversight role, with individual program staffs tracking milestones in individual State work plans.

For the FY 81 Agreements, the Region plans to emphasize incorporating past program evaluations into State program development. The Region will stress the initial phases of SEA development more, with the intent of obtaining broad feedback "up front".

One of the State Coordinators suggested a method for tying tracking of outputs to the development of subsequent SEA's. The suggested procedure would be as follows: (1) during the second quarter of the fiscal year, the State and EPA identify highlights and settle on problem-solving approaches; (2) the Region then conducts its mid-year evaluation of the current year's SEA and work plans; (3) based on the first two steps, the Region issues State-specific guidance to each State identifying items to be covered in the upcoming year's SEA.

Work Programs and Non-Priority Item Coverage

Region V has given much thought to the connection between State/EPA Agreements and State priorities. The Region's decision was not to link the Agreements to priorities, but to "highlights", as discussed above. Thus, both priority and non-priority program thrusts are covered in individual program work plans (water quality, solid waste, drinking water) unless the State has elected to consolidate the work plans. Issues which are "highlights" benefit from the preparation of a problem-solving approach which is subsequently incorporated into the work plans.

For further discussion of this topic, see Priority Selection, above.

TABLE II
HIGHLIGHTED ISSUES
REGION V STATE/EPA AGREEMENTS

Minnesota

- residuals management
- hazardous waste management
- implement SIP
- effluent limits for Metro (i.e., Twin Cities)
- funding schedules and program grants
- coordinate groundwater protection

Michigan

- creation of State pretreatment program
- State and EPA roles in implementing Great Lakes Agreement
- development of hazardous waste management program
- completion of waste load allocations
- relationships between EPA, Michigan DNR, and local governments
- implementation of SIP, including vehicle I/M

Illinois

- develop effective hazardous waste management program
- meet SIP commitments for vehicle I/M programs
- implement pretreatment program and strategy
- complete review of existing IEPA field organization and enforcement; implement changes where necessary
- improve IEPA's Emergency Response program

Indiana

- implement SIP
- develop effective hazardous waste management program
- develop pretreatment program and strategy
- develop process to consider multi-media impacts of pollution control strategies and activities
- integrated public participation program and strategy
- clarify State and EPA roles and responsibilities relative to delegation of authority to the State

Coordination and Integration

Since the preparatory steps leading to the State/EPA Agreements in Region V include identification of both "highlights" and cross-cutting issues, the SEA's do accomplish significant integration and coordination of programs. Examples of cross-cutting issues are: abandoned or unpermitted hazardous waste disposal sites, hazardous chemical contamination of sources of drinking water, and identification and monitoring of toxic substances in the environment.

Although integration among various EPA programs in the Regional Office is evident in the Region V approach, coordination of the various State, areawide, and local agencies is not. Although there are 32 areawide agencies (section 208, CWA) in Region V, as of June 28 no State had involved them directly in the development of the Agreements. By August 1, all states in Region V contacted their areawide agencies and had begun to involve them in the SEA process both for FY 80 and, particularly, FY 81. In at least one State, Michigan, an agency with a major involvement in the covered programs, the Department of Health, is not involved in the negotiations. One of the State coordinators said that the States do not want the responsibility of involving the areawide agencies.

Another area in Region V where there may have been some coordination problems is between program staffs and the State Coordinators. In the early stages of SEA development, program staff was anxious about having adequate input to the Agreements. Although the process is somewhat complex, it does include program staffs. The Programs do the basic review of the State problem-solving approaches and draft work plans. Then the media task forces review the material for consistency and priorities. The State Coordinators work with the program staff, the task forces, and the RA and DRA as they coordinate the various inputs and serve as primary State contacts.

The Headquarters team discussed this aspect of coordination with the Region, and mentioned other Regions which have different organizational schemes for preparing Agreements, such as the popular State team concept. The State Coordinators say, however, that although there have been problems coordinating with program staff, these are simply the growing pains of a new organization structure and should clear up by the time the Region starts the FY 81 Agreements.

Public Participation

One of the most serious consequences of the Region V's late start on the SEA's is that public participation requirements are difficult, if not impossible, to meet. The tight schedule the Region has now may preclude any meaningful public review and comment. In fact, the Region is hesitant to push public involvement at this time because (1) the public will be upset that they were not involved earlier and (2) public participation will slow down the final Agreements.

One example of the Region's approach to public participation is that they decided not to send out the "Partnership" pamphlet on State/EPA Agreements

because the Region did not wish to put out "general" information, but only precise, specific guidance.

In spite of these difficulties, at least two States, Illinois and Ohio, have accomplished a significant improvement in public involvement by establishing consolidated policy advisory committees to advise the State during SEA development. The Illinois PAC advises the State on all issues pertaining to air, solid waste, and water.

Recommendations

Region V feels it is inappropriate to make recommendations for improving the SEA process until the entire FY 80 cycle is complete. The Region would like to experience the whole process, then develop a unified recommendation, both for the process itself and the SEA guidance.

REGION VI SEA TRIP REPORT

Background

On June 18-19, 1979, Headquarters staff conducted a State/EPA Agreement (SEA) Assessment in Region VI. The participants from Headquarters were:

Dave Ziegler, Water Planning Division, OWPS
Jim Jowett, Clean Lakes Program, Criteria and
Standards Division

The purpose of the trip was to assess the efforts of the Region and States in developing FY 1979 Agreements and the progress they have made negotiating Agreements for FY 1980. For this purpose, the Region arranged a series of meetings with staff directly involved in the SEA negotiation process. At the suggestion of the Region VI SEA contact, the Headquarters representatives met with the State teams working on the FY 1980 Agreements. The team leaders are:

Jim Collins, Enforcement Division, Texas
Ray Lozano, Special Assistant, Office of the RA, New Mexico
Al Davis, Air/Hazardous Division Director, Arkansas
Oscar Ramirez, S&A Division Acting Director, Oklahoma
Myron Knudson, Water Division Director, Louisiana

The Region employs a State team concept to expedite the SEA negotiations. Each team has approximately six members from the water quality, water supply, solid waste, surveillance and analysis, municipal facilities, and enforcement offices. The Headquarters team also had an exit interview with Ray Lozano and the Regional Administrator, Adlene Harrison.

The HQ team did not meet with any State staff, based on a prior arrangement with SEA contact. However, a subsequent visit with a State was not ruled out. The rationale for not meeting with a State on this visit was that it was too early in the process, and the States might be able to provide more meaningful comments later.

Introduction

Region VI completed FY 1979 SEA's for each of its States early in FY 1979, except for Louisiana, which was signed in July. The heads of the State agencies and the Regional Administrator signed the Agreement. The Water Quality Planning Branch, Water Division, negotiated the FY 1979 Agreements, which covered only the water quality programs.

For FY 1980, Region VI moved responsibility for the SEA's to the Regional Administrator's office, because of the wider (CWA, RCRA, SDWA) coverage of the FY 1980 Agreements. They started working with the States early in FY 1979 to identify priorities and develop necessary Agreements for FY 1980.

In general, the Region is handling the Agreements well. They are assigning significant resources and priority to the Agreements and the RA has informed the team leaders of her personal interest in the success of the Agreements. The FY 1979 SEAs, although they were not comprehensive in coverage, did serve as a proving ground for ideas the Region is using to negotiate the FY 1980 Agreements.

The Region's major accomplishments to date are in the areas of internal organization, commitment and public participation. Also, the RA has made the Agreements very visible within the Region. Region VI staff acknowledges some problems in obtaining the desired specificity in the Agreements, and is making a major effort to reconcile this situation in the FY 1980 SEAs.

The RA emphasized that although she is placing a very high priority on the SEAs, the quality of each individual Agreement depends almost entirely on State capability and cooperation. She expects a great range in the quality of the Region VI Agreements considering the lack of incentive for the States to cooperate and their general resistance to Federal intervention.

Based on their assessment of the progress Region VI has made negotiating the FY 1980 Agreements, the Headquarters team identified several issues of potential concern in their exit interview. Although the points are discussed in detail in the body of this report, they are as follows:

- (1) The State response to the challenge of preparing SEAs seems a little confused. There tends to be a lack of a strong lead agency, a strong State coordinator, or a single State contact point.
- (2) The Regional staff is not sure what is required of the States in the area of audit procedures, funding flexibility, and financial management. Lack of Headquarters guidance is undermining EPA credibility.
- (3) A stronger role for a State five-year strategy, which would come out early each fiscal year (approximately February) would settle some questions on priorities out front, and expedite the preparation of both Agreements and work plans.
- (4) In those areas in Region VI where there are areawide agencies, the State and EPA have not always developed methods for incorporating areawide agency input into the Agreements.

From the observations of the HQ team, the negotiations for the FY 1980 Agreements are -- on the whole -- progressing smoothly. The Region's schedule (see Attachment A) calls for draft Agreements in mid-July and final Agreements in mid-September. The States appear to be on schedule generally; and one State, Texas, had a draft Agreement at the time of the Assessment visit.

One observation the Regional staff made consistently was that neither the FY 1979 or 1980 Agreements reduced paperwork for the State or EPA, and if anything, increased it. The Region and the States see the Agreement as an additional layer in the program planning process. However, once everyone gets used to the SEA process, things should improve. EPA has attempted to streamline the process.

Summary of the FY 1979 Process

The Region and all the States completed Agreements for FY 1979, generally during the first quarter of FY 1979. The Regional Administrator and the heads of the State water pollution control agencies signed all of the Agreements. Although HQ waited until late in FY 1979 to issue its policy requiring FY 1979 Agreements, Region VI had been working on them long before the HQ decision. There was some delay after the HQ policy came out as the Region and the States worked to accommodate HQ recommendations on format and content.

The Water Quality Planning Branch, Water Division, negotiated the FY 1979 Agreements. The main contact for each State was a section chief within the Planning Branch. For the most part, the Region handled the FY 1979 Agreements the way they had handled 106 State Program submissions in the past, since the FY 1979 Agreements included only the water programs. The FY 1979 SEA's were not a vehicle for a great amount of program coordination and integration, since they were limited to water quality programs.

One weakness of the FY 1979 Agreements was that they did not specifically address priorities for the covered programs. During April and May, 1979, Headquarters staff reviewed the New Mexico, Texas, and Arkansas Agreements. Their conclusions were set forth in a memo from the Director, Water Planning Division (HQ) to the Region (May 14, 1979):

Given the short time-frame in which to prepare these Agreements, we believe that several areas were handled especially well. These include the problem identification in the New Mexico Agreement, and the financial information and future State/EPA Agreement public participation program in Texas. Some components were not addressed within the short time-frame. These include identification of how priority problems were selected, delineation of EPA's responsibilities, identification of tracking and evaluation methods and identification of timing, agencies and costs of implementation. While it appears that some public participation in the development of the State/EPA Agreements took place, we were not provided sufficient information to assess its adequacy. The Agreements were rather lengthy and the format was such that the problem identification/priority relationship often was unclear. A summary of the SEA contents would have been helpful.

FY 1980 State/EPA Agreements

Negotiation Process

Region VI is using inter-disciplinary teams to negotiate the FY 1980 Agreements. Each team -- as mentioned above -- is headed by a Division Director. The teams seem to have a good sense of mission, with good cooperation and enthusiasm. The RA, through this organizational set-up and through her instructions to the teams, has made the FY 1980 Agreement very visible within the Region.

The process for developing the FY 1980 Agreements has 11 steps, starting with negotiation of priorities and ending with the signing of the Agreements. (See attached schedule.)

The State response to the challenge of preparing FY 1980 Agreements varies among the States. Several of the States suffer from lack of a designated contact point, even though their cooperation has been excellent. Also, the States are to greater or lesser degree involved in turf fights, financial constraints, reorganizations, and other problems. The Region hopes that the SEA process will provide the incentive for the States to better coordinate and integrate their closely-related programs. The State responses to the SEA challenge follow:

Oklahoma: A representative from the Governor's office has been actively involved in the negotiations. There are two major State agencies involved -- reportedly of about equal power: the Oklahoma Department of Health and the Oklahoma Department of Pollution Control. Through these two agencies, six other State agencies have had input into the Agreement: The Oklahoma Conservation Commission, the Oklahoma Corporation Commission, the Water Resources Board, the Department of Wildlife Conservation, the Industrial Development Department, and the State Board of Agriculture. The areawide agencies in the State have also contributed to the Agreements, as have the members of the Region VI SEA Advisory Committee. The State held a public meeting during the drafting of the State's priorities for FY 1980.

Arkansas: A representative from the Governor's Office is involved in the negotiations. There are three State agencies involved: the Department of Pollution Control and Ecology, the Oil and Gas Commission (underground injection), and the Department of Health. The members of the Region VI SEA Advisory Committee have contributed to the Agreements, and the State held a public meeting during the drafting of the State's priorities for FY 1980.

Louisiana: The situation in Louisiana is rather disorganized. The State has a "lame duck" Governor. Therefore, negotiations have been going slowly. There are four State agencies involved: the Department of Health, Department of Natural Resources, the Department of Wildlife and Fisheries, and the Office of Science, Technology and Environmental Policy. The State also obtained input from the Region VI SEA Advisory Committee and from local interests groups.

The DNR is the designated lead agency for the negotiations, but this is a strange situation since DNR is not a major grantee from EPA's point of view, dealing mostly with oil and gas matters. The SEA Coordinator from the DNR travels often -- so coordination has been difficult.

Quite likely, when the legislature approves the State reorganization, all the environmental programs will be merged into a single agency which is said to be development (energy) oriented.

New Mexico: New Mexico has named a strong contact person for the Agreement negotiations, and coordination is going smoothly. There are two State agencies involved: The Environmental Improvement Division of the Department of Health and Environment and the Oil and Gas Commission.

Texas: Although there has not been a formal designation of a lead agency, the Texas Department of Water Resources has essentially taken the lead in coordinating negotiations, and coordination has not been a problem. There are three State agencies involved: TDWR, the Department of Public Health (municipal sludge), and the Texas Railroad Commission (oil/mining).

Priority Selection

The process for setting or selecting priorities for the SEAs in Region VI is a simple one. The State teams, acting as panels of EPA experts, meet and develop a mutually acceptable list of State priorities, based on their own expert knowledge of the State's situation. Simultaneously, the States develop analogous lists. When both lists are ready, the States and EPA meet, compare lists, and negotiate changes. In developing its lists, the Region considers 305(b) reports, national priorities, WQM plans, and public input. There is some indication that the States are starting to encourage and make use of public input in setting their priorities as well. (See Public Participation, below.)

One problem with the development of priorities is that in Region VI, the States are developing State strategies, SEAs, and State work plans all at the same time. This arrangement may be making the selection of priorities more difficult than need be. If the States were to prepare annual updates of five-year strategies early in the fiscal year and to use the strategies to address long-range priorities, the task of identifying short-term priorities would be greatly simplified.

Tracking

The Region's basic policy for tracking the commitments from the SEAs is to include selected milestones in the Agreements, require quarterly reports on their status, and conduct semi-annual visits to the States to discuss progress. The Region will conduct integrated program assessments at its semi-annual visits to the extent feasible.

The Texas SEA team reported that they would emphasize the use of existing tracking mechanisms, and would not require quarterly tracking reports.

Work Programs and Non-Priority Item Coverage

The relationship between the Agreements and work plans, and the method for handling non-priority items in the SEA process was a source of some confusion for Region VI, as it has been for other Regions. Basically, the Region will be using three separate approaches: (1) SEA focusing on traditional high-priority operating programs, (2) SEA focusing on the State's highest priorities, and (3) SEA focusing on the States highest priorities involving integration.

The State of Oklahoma represents the first case -- placing the emphasis on traditional State programs such as permits and construction grants. These so-called "operating programs" will take up a large part of the Agreement, because the State does not wish to give the impression that they are low priorities. The Region expects to work with the State during negotiations on the draft Agreement to ensure that the priorities are correct, and that some of the priority problems are cross-cutting problems that affect several covered programs. The Region tried to focus on cross-cutting issues, but the State insisted on having some single-program thrusts. The result was a mix.

Louisiana is representative of the second approach to covering non-priority items in the SEA. The Louisiana SEA will address the highest priorities in the State, regardless of whether they are integrated problem areas or not. They intend to use the SEA process to identify where resources can be shifted to cover higher priority items.

The trend for the other States appears to be of the third type -- where the SEA focuses on the highest State priorities that involve integration of various programs. In this arrangement, so-called "operating programs" and lower-priority program thrusts will receive little or no coverage in the SEAs. and instead will be covered in detail in the various parts of the State's work plans.

Coordination and Integration

With most of the States' priority determinations still pending, it is difficult to know what Region VI and the States will accomplish in the area of integration and coordination. However, the State team concept the Region is using is important in identifying areas where integration would be useful. Arkansas is the only State in the Region which will include air programs in the FY 1980 SEA. For the other States, the Region feels it will be hard enough to integrate the covered SDWA, RCRA, and SDWA programs.

Several possible integration actions were mentioned by the Regional staff during the assessment meetings. One is using a joint field staff for both air and water programs. Inspectors in the field could be trained to observe both air and water conditions. Another is the idea of a joint training program for sewage treatment plant and water supply plant operators, on the theory that much of the technology involved is similar.

Public Participation

The Region has hired a public participation consultant who helps design and manage the SEA public involvement effort. The Region provides assistance to States in designing their public involvement programs, and monitors States and Regional public participation efforts.

The Region has established an SEA Advisory Committee consisting of 61 persons with previous participatory/advisory experience in the Region. The role of the Advisory Committee is to provide EPA with an independent assessment of Region-wide priorities which the various State/EPA Agreements should address. The members of this ad hoc committee participate by mail in the identification and prioritization of Regional issues, and comment on strategies and commitments EPA makes.

Each State is responsible for its own public participation on the SEAs, with assistance from the Region where available. As an example of a State initiative, Arkansas sent out a questionnaire to its mailing list asking them to identify environmental problems that need priority attention, and got over 200 responses in just a short period.

Recommendations to Improve the SEA Process

Region VI staff had many suggestions for improving the SEA process by improving the guidance Headquarters issued. The major issues bothering the Region were financial management and funding flexibility. The EPA State/EPA Agreement Guidance (February 1979) says that funding shifts among the covered programs are possible, and that HQ has the authority to shift approximately 10 percent of its funds among any agency programs. The Region feels this statement is misleading and that there will be no shifting of funds among categorical program areas this year. Regional staff is concerned, however, by the fact that the States have read the guidance and now desire more funding flexibility than the Region is able to provide.

Another matter bothering the Region VI staff was the issue of financial management procedures for work tasks which are getting funding from more than one EPA grant program. At the time the EPA guidance was being developed, some HQ staff said that audits should be aimed only at outputs and that complex accounting procedures -- such as time cards -- would be unnecessary. This position, however, does not appear to coincide with the requirements of the EPA auditors. The RA asked for more precise guidance on financial management procedures.

Other comments the Region made on the guidance were as follows:

- o The SEA guidance should be less WQM-oriented.
- o Examples of good SEAs and interesting formats should be circulated to the Regions, but perhaps not to the States until the Region has reviewed them.
- o More guidance on Indian/EPA Agreements would be useful. There is a great need for this in the Western Regions.

FY80 SEA SCHEDULE

REGION 6

	<u>ARK</u>	<u>LA</u>	<u>NM</u>	<u>OK</u>	<u>TX</u>
Meeting with State to Negotiate Priorities	May 9	May 3	May 24	May 15	May 10
State Public Participation Notice Out	May 30	May 21	Jun 1	May 26	May 18
EPA Public Participation Notice Out	May 30	Jun 1	Jun 1	Jun 1	May 18
State Review of Public Comments	Jun 15	Jun 15	Jun 20	Jun 15	Jun 22
EPA Review of Public Comments	Jun 15	Jun 20	Jun 20	Jun 15	Jun 22
State-EPA Meeting to Discuss Strategy Commitments	Jun 29	Jun 28	Jun 22	Jun 6	Jun 15
Notice of Public Meeting	Jul 8	Jun 10	Jul 1	Jul 9	Jun 29
Draft SEA Available	Jul 21	Jul 15	Jul 15	Jul 23	Jul 15
Public Meeting	Aug 21	Aug 15	Aug 15	Aug 23	Aug 15
Finalize Draft SEA	Sep 15	Sep 16	Sep 15	Sep 15	Sep 30
Signing of SEA/Grants Awards	Sep 28	Oct 1	Oct 1	Oct 1	Oct 1

REGION VII SEA TRIP REPORT

Background

On June 21-22, 1979, Headquarter's staff conducted a State/EPA Agreement (SEA) assessment in Region VII. Participating from Headquarters were Tim Icke (Office of Water Planning and Standards) and John Trax (Office of Drinking Water).

These trips were intended to assess the efforts the Region and States have made in developing the FY 1979 Agreements and in the progress made toward negotiating Agreements for FY 1980. In order to do so, we requested that the Region, through the Office of External Affairs, arrange a series of interviews with staff directly involved in the negotiation process, including representatives from each of the covered programs. These arrangements were graciously made and included interviews with a wide variety of program and top level management personnel.

Persons Contacted: Dr. Kathleen Camin, Regional Administrator
Mr. Don Christenson, Direct, Office of External Affairs
Mr. Allan Abramson, Director, Water Division
Mr. Bill Rice, Director, Survey and Analysis Division
Mr. Dave Wagoner, Director, Air and Hazardous Materials Division
Ms. Joann Bassi, Branch Chief, Water Supply
Mr. Dan Vallero, Clean Lakes
Ms. Rowena Michaels and Ms. Betty Harris, Public Participation
Mr. Vic Ziegler, Water Quality Management
Mr. Gene Ramsey, Office of External Affairs

Introduction

Region VII signed FY 1979 Agreements with all its States in October, 1979. The Office of External Affairs was assigned the responsibility for developing the Regional process for negotiating and developing these Agreements. Although the Agreements were somewhat limited in scope and detail, they did represent a strong commitment on the part of the Region and States to begin working toward a more comprehensive approach to coordinate and integrate programs covered under the Clean Water Act (CWA), and in many cases under solid waste, drinking water and air programs as well. Although the Region viewed the FY 1979 experience as mostly a trial run effort, it provided staff at the Region and States with valuable insights into the procedural requirements associated with the State/EPA Agreement concept. The process for FY 1979 was successful in getting high-level management to identify priority environmental issues and negotiate broad strategies by which to address them.

In issuing guidance to the States for FY 1980, the Region was able to make necessary modifications and fine tune the process. Areas of increased emphasis include: providing a role for the public (which was not the case last year because of time constraints); providing significantly more detail on specific commitments, both on the part of the States as well as the Region; and placing increased emphasis on tracking commitments and progress made toward achieving overall goals and objectives.

In addition, this year the Region has attempted to build in more involvement on the part of Regional and State program staff in the priority setting and negotiation process. Last year much of the process was handled directly by the Office of External Affairs. This year more input has been sought from each of the Regional program Division Directors, as well as by other program level staff from within the Region and States. One final area of increased emphasis will be the attempt to more directly tie the SEA process in with the on-going consolidated grants process and annual ZBB effort.

Based on our assessment of the progress made in negotiating the FY 1980 Agreements, several issues were identified and raised as potential problem areas. Each of these concerns is discussed later in this report.

Our findings were discussed openly with the Office of External Affairs and in most cases they were fully aware of which items could be corrected during the remaining weeks of negotiation and which will require continued attention next year. The Region was very open to our observations and they fully realize that continued fine tuning of the process is necessary both within the Region and at the National level. From our viewpoint, the process for negotiating the FY 1980 Agreements, on the whole, is progressing quite smoothly. The schedule of draft Agreements in late July, and final Agreements to be signed in early September appears to be on target. Very few difficulties have surfaced between the Region and States thus far and few obstacles are foreseen in the remaining weeks of negotiation.

Summary of the FY 1979 Process

The Office of External Affairs (OEA) had the lead responsibility within the Region for negotiating the Agreements with each State. Given the short time in which to work (roughly two months), the OEA staff and the RA were faced, first, with the task of convincing the States of the merits of the process, and second, with beginning the process for developing the actual Agreements. Many of the States were reluctant at first to commit substantial resources toward what was viewed as, "another one of EPA's paper exercises." However, because of the RA's high visibility during this period and strong support for the process, much of this early scepticism was dispelled.

Equally difficult was the effort to get program people at the State and Regional level to focus on specific environmental problems, rather than on programmatic problems as priority issues. As a result, many of the priority issues identified under each of the Agreements dealt largely with programmatic concerns -- e.g., 205(g), NPDES permits, pretreatment, etc. (Attachment I

lists the priority issues identified by State and briefly describes the process for negotiating the FY 1979 Agreements.) The selection of priority issues was also hampered by a lack of hard data on which to base decisions. This tended to make the selection process less objective and more vulnerable to personal and program bias. Aside from these initial difficulties, the negotiation process proceeded quite well. The differences that did arise were resolved between OEA and State staff. The RA and State Agency Directors were available to respond to any matters requiring higher level attention.

As stated previously, the FY 1979 Agreements were rather narrow in scope and were not intended to address all of the components spelled out for the full scale SEA process. The Agreements contained ten to fifteen priority issues, each of which included a statement of the problem, a brief background discussion, and broad approaches and commitments to address each problem. The Agreements did not provide details on funding or resource levels.

Although the Region tended to track progress during the implementation phase of the Agreement, little formal tracking of commitments was done. The Region, however, has had general discussions with the States on progress made toward meeting objectives outlined in the Agreements. No attempt was made to directly tie the work plans or consolidated grants process with the priority issues identified for FY 1979. All of the non-priority activities associated with each of the covered programs for FY 1979 were addressed separately under the consolidated grant process.

Significant headway toward achieving greater coordination and/or integration of programs during FY 1979 did not occur. The Region felt that the major accomplishment in this area was the noticeable increase in communication between programs. The various programs were forced, for the first time in many cases, to share their problems and concerns. This was viewed by OEA as a very important step in moving toward the ultimate goal of greater program integration and coordination.

FY 1980 State/EPA Agreements

Negotiation Process

The Region issued guidance for developing the FY 1980 Agreements in February. The process was developed in three phases: Phase I -- Problem Assessment, Phase II -- Strategy Development, and Phase III -- Agreement Finalization. The negotiation process began in the Region with media task forces (consisting of program staff) listing each State's priorities for FY 1980 as they saw them (both on a one-year and multi-year basis). State committees were assembled consisting of Regional staff from the media task forces to further discuss the suggested priorities and prepare their recommendations for the Policy Review Committee. This Committee is comprised of Division Directors from Water, Air and Hazardous Materials, S&A, and Enforcement. Their role is to meet with each of the States in order to discuss priorities and to begin developing strategies and commitments. Both the States and the Region prepared separate lists of priorities which were then negotiated during these meetings.

One apparent problem in the negotiation process within the Region surrounds the lack of adequate feedback to the program staff once their initial input was sought under the media task force and State committee structure. Several staff members interviewed indicated that once their recommendations went forward to the Policy Review Committee, little or no communication was directed back to them regarding the status of the negotiations. Most felt that in order for the process to be fully effective, they should be kept fully involved during the continuing negotiations with the States. By doing so, they would be better able to provide more useful input into the details of the strategies and in the identification of commitments made on the part of EPA and the States.

Only one of the four States in Region VII, Nebraska, has more than one agency responsible for negotiating the Agreements. These agencies include: the Department of Health (drinking water programs), the Department of Environmental Control (solid waste, air quality and water pollution control), and Nebraska Resources Commission (208/106 program). This multi-agency structure posed some difficulty in negotiating the FY 1979 Agreement with Nebraska, and the situation worsened during the early stages of the FY 1980 process. Sensitivity over turf resulted in little communication or progress during this period. Since then, however, hostility has abated somewhat, possibly with the decision to negotiate separate Agreements between each of the three agencies and EPA. The remaining States have only one agency in charge of negotiating the Agreements and, thus, few problems have arisen.

Priority Selection

The RA has made it clear that she would like the States and the Region to place more emphasis on selecting priority activities which are problem specific, as opposed to program oriented. A vast majority of priority problems identified for FY 1979 were of the program nature. The RA feels strongly that the Agreements should focus on major environmental problems first, and then concentrate on how the various programs can best address them. However, based on discussions with Regional staff, it appears that this year, as last, there will be a predominance of program-related priorities. It is speculated that this pattern continues for two reasons: first, because it is very difficult to force those involved with the Agreement process to begin thinking in terms of specific environmental problems, and second, because there may very simply be too few major environmental problem issues, like the Salsbury Laboratory toxics problem, on which to base the Agreements. This case involves an integrated effort to eliminate pollution of Cedar Valley water resources by waste products of the Salsbury Laboratories. Wastes were either discharged through the City's waste treatment facility or deposited in the local dump site. The strategy involved is to provide interim pretreatment of liquid waste prior to discharge to the City system, construction of an industrial waste treatment plant by the Laboratories to permit direct discharge to the Cedar River, and finally, to close the dump site and continue maintenance to minimize leachate into groundwaters. In addition, the Agreement clearly fixes State and EPA responsibilities and timing and establishes standards by which to measure progress.

Each of the programs within the Region felt responsible to push their respective national priority program areas during the negotiation process. If, however, the assessment process indicated that certain priorities did not apply within a given State, they were dropped from consideration.

Tracking

The Region plans to develop and implement this year a more vigorous tracking process for monitoring the progress toward achieving the goals and objectives outlined within the Agreements. At the time of our visit these details had not been worked out. The OEA does envision that commitments will be tracked either on a quarterly or four-month basis. The tracking effort will be conducted either through face-to-face meetings with appropriate staff and management, or through reports filed by the project officers assigned to each priority problem area.

For non-priority program areas included in the Agreements, standard tracking procedures, a part of each States' consolidated grants package, will provide this monitoring capability.

Work Programs and Non-Priority Program Coverage

This year the Region is planning to interface the consolidated grants procedures into the Agreement format by including an addendum with each Agreement. By doing so, the Agreements would cover, at least in summary form, all on-going non-priority activities associated with each of the covered programs. According to the Office of External Affairs, this portion of the Agreement would be developed once work is completed on the larger priority issue sections.

In discussing this concept with the various program managers, it was clear that there is some confusion as to how this addendum section will be handled. In one case, a program manager was not familiar with the addendum format at all. On the whole, most felt that the Agreements should be limited to those activities (commitments, resources, funding, etc.) associated with each of the major priority issues, possibly with brief summaries of other major activities associated with each of the covered programs. To go beyond that, it was felt, the Agreement concept would lose much of its impact if the "business as usual" details were dwelled on too extensively.

Several expressed concern over a lack of adequate program involvement in the grants process itself. This is due largely to the fact that the process is operated from a separate office within the Region. One person suggested that in the future each program should have direct responsibility over preparation of the substantive material contained in each grant agreement, while the overall administrative procedures could remain within the existing central-office structure.

Coordination/Integration

It is generally felt that the FY 1980 effort would result in some additional progress toward achieving greater coordination and integration of programs covered under the Agreements. As in last years' process, most feel that the greatest accomplishment is increased program and staff communication. The

Charles City, Iowa, toxic dumping issue did, however, prove to be one area where there is considerable program coordination. The very nature of this problem has prompted several program areas to be involved, including water quality management, permits, solid/hazardous wastes and drinking water. It is anticipated that at a minimum, data sharing between programs will take place, possibly, along with the joint planning and implementation of corrective measures.

Beyond this level of integration/coordination, major accomplishments seem to be much further down the road. Most felt that before greater integration and coordination can be achieved, EPA will have to take the lead in eliminating many of the duplicative or overlapping program requirements specified under the various legislative mandates.

Public Participation

Efforts to involve the public in FY 1980 have been quite limited. The Office of External Affairs believes that lack of adequate time has prevented the implementation of public participation activities. Originally, the Region had planned to initiate public involvement during priority issue development, but this did not occur. The Region does fully intend to conduct public hearings prior to completion of the final Agreements.

It was very apparent that the Region is concerned about the inability to conduct adequate public participation efforts this year. The Region's Office of Public Awareness appears quite capable of conducting this type of involvement, but has thus far been underutilized in implementing activities of this nature. Prior to next year's effort, the Region hopes to conduct further work on developing the best approach possible for meeting the public involvement and information needs associated with the SEA process.

Recommendations on Improving SEA Process

Most interviewed staff members felt strongly that the SEA process is a useful one, and that it has significant potential to become the mechanism to coordinate, integrate and manage all programs within EPA. But before this can happen, the process will have to be universally accepted within the Agency. Because some programs have resisted, and may continue to resist, the SEA concept, there is uncertainty over the longevity and effectiveness of the process. Most felt strongly that issuing regulations would not really help institutionalize the process. State/EPA Agreement regulations would only result in less flexibility and tend to detract from the Agreement's concept as a means to promote State and Federal partnership. Instead, most recommended that there be continued high-level promotion of the concept, both at the State and Federal level.

Most felt that the FY 1980 guidance served as a useful tool in explaining the overall process. Beyond that, however, it did not assist the Region greatly in developing its own process, or in struggling with many of the difficult procedural details associated with the concept.

Almost everyone supported a continuing effort to exchange useful and innovative information on the SEA process. The Region felt that many of the materials circulated during the past months proved helpful in offering specific ideas, as well as providing a broad perspective on how the process is proceeding nationally.

More specific guidance requests included: the need for further procedural suggestions on how non-priority program activities should be included in the SEAs -- i.e., level of detail and relationship with work programs; and the need for further work centered on the funding flexibility issue. Many said that funding flexibility is potentially one of the most important features that the Agreement concept can offer, and that decisions on this issue need to be made quickly in order to avoid further confusion and false hope.

Many expressed the importance of synchronizing the development of Agreements with the Agency operating guidance and ZBB effort. The ZBB process is especially important because it should be coordinated closely with the program and resource commitments negotiated within the Agreements. Finally, efforts must be made to keep the process as uncomplicated as possible. It was the unanimous opinion that additional paperwork and increased administrative details have resulted in heavy resource demands both at the State and Regional level. While most were of the belief that this additional workload was due, in part, to the initial gear-up requirements, many feared that as the process develops so might the need for more and more procedural detail.

ATTACHMENT I

FY 1979 Priorities by State

Process description - Each of the States prepared lists of priority problems they viewed as requiring attention in FY 1979. Within the Regional office, State task groups were formed to identify what they viewed each State's priorities to be. A policy committee consisting of Division Directors, together with staff from the Office of External Affairs, met with each of the States to develop the final list of priority issues and to prepare strategies for addressing them. Resolution of any differences was reached through direct negotiation between each of the State Directors and the Regional Administrator.

Priorities

The priority activities cited under each Agreements cover a wide range of program areas. In addition to Clean Water Act programs, RCRA, SDWA and Air programs are reflected in many of the Agreements. Priorities by State are as follows:

Iowa

Industrial Solid Waste Disposal
Salsbury Laboratory (Charles City)
PCB Contaminated Oil Disposal
State Environmental Legislative Revisions
Emergency Response
Air - SIP's
Air Emissions - CRA - Iron Foundry
Air Emissions - Ames Municipal Electric Utilities
Air - Prevention of Significant Deterioration
Des Moines Metro 208 Plan
Water Quality Standards
Bryant Confinement - Permit Revision
Water Supply Program
NPDES Permits
205(g) Delegation
Data Management
Grants Management
Improve Coordination - KDHE/EPA

Kansas

Air - SIP's
Legislative Revisions
Emergency Response
Hazardous Waste Management
205(g) Delegation
Water Supply Program
NPDES Permits
Toxics & Hazardous Wastes Strategy
Radiation Control Programs
Water Quality Standards
Improve Coordination - DNR/EPA

Missouri

Dioxin & PCB Storage - Verona, MO
Air - SIP's
Standards for Sewage Lagoons
Hazardous Waste Management
Emergency Response
NPDES Permits
Water Supply Primacy
Air Program - Local Agencies
Water Quality Standards
205(g) Delegation
Completion of 208 Planning
Pretreatment
Monitoring
Grants Management
Improve Coordination - DNR/EPA

Nebraska

Air - SIP's
Legislative Revisions ..
Emergency Response
205(g) Delegation
Solid Waste Program
Groundwater Control
Operation and Maintenance
Hazardous Waste Management
NPDES Permits
Laboratory Improvements (DEC)
Pretreatment
Improve Communications - NDBC/EPA

REGION VIII SEA TRIP REPORT

This report was prepared by Carol Wegrzynowicz (Office of Water Program Operations) Facility Planning and Stephen Jackson (Office of Planning and Management) based upon the regional assessment conducted on June 27-28, 1979.

Introduction

Regional Overview

Region VIII has a very positive attitude toward State/EPA Agreements because the Regional Administrator and Deputy Regional Administrator fully support the effort. As evidence of this, each program division director has been assigned responsibility for completing one State's SEA, and satisfactory completion of his respective SEA has been made a part of the director's performance agreement with the Regional Administrator. The RA and the DRA have also insisted that all major Regional activities be included in the 1980 Agreements, including Air, Pesticides, Enforcement and Monitoring. Most of the staff directly involved with development of the SEA's were favorable toward the effort, many of them citing how much they had learned about programs outside their own areas and the potential for career advancement which they felt SEA involvement carried. This was especially true for the SEA coordinating team, a group of staff-level representatives from different program areas, responsible for shepherding the SEA's to completion.

With the exception of Colorado, the States were not especially enthusiastic about SEA's, although all were cooperating with Regional staff's efforts, and by and large, everything is on schedule.

Major Successes

Because the RA and DRA mandated that all SEA's are to address all program areas, Regional staff has learned a great deal about the programs outside their immediate areas of responsibility. Regional staff maintains that this is also generally true for State staffs, especially those most directly involved in SEA development.

Region VIII's policy is that, with the exception of construction grant applications, a completed SEA constitutes all of a State's grant applications to EPA for a given year. Within this framework, detailed work plans were required for approximately ten priority issues identified in each State's SEA. The remaining issues contained in the SEA require only summary statements of what the State will accomplish in those areas. Requiring detailed work plans for only the priority issues has reportedly greatly reduced the States' administrative burden in applying for grants. The streamlined grant application process, which the States are pleased about, has reportedly gone a long way toward convincing the States to accept this new EPA requirement.

One State, Colorado, is attempting to use its SEA as a management tool which allows the State to keep track of programs and to coordinate and integrate elements wherever appropriate.

Region VIII appears to have a good grasp of its goals for this year's SEAs, and is confident that what is not accomplished this year will be done in future years. They view the process as evolutionary in nature and have tried to minimize staff frustration by keeping their sights on the "do-able."

Problems

- o Members of the SEA coordinating team, each with responsibility for one State's SEA and reporting to the Division Director responsible for that Agreement, relied on staff-level assistance from the program areas in working out details of the Agreements. Different coordinators used different staff members, however, and often these people failed to coordinate with their Branch Chiefs on various policy and program issues. As a result, program inconsistencies from State to State arose, requiring resolution by the coordinators. For next year, the coordinators expect to work directly with the Branch Chiefs who, in turn, will manage staff efforts.
- o Public participation in Agreement development will be minimal this year. Because the Region did not issue guidance on public participation, and left it up to the States, the public input will not be included in this year's Agreements except for comments made on draft final agreements late this summer. (Colorado is the only exception; its various State Commissions have reviewed the Agreement.)
- o None of Region VIII's 1980 Agreements will address, to any significant degree, cross-cutting issues that require program integration and coordination. Because the States and the Region did not identify cross-cutting issues as priorities, the Region chose to focus its 1980 efforts on standardizing the forms and scheduling of the Agreements.
- o Regional staff relied on State environmental program offices to coordinate and ensure the participation of State Departments of Agriculture where necessary. State staff did not do this, and Agriculture staffs are being brought in late, adding to the hostile feelings these two groups of State staff already have for each other.
- o Some time delays will occur in the intermediate steps of the FY 1980 SEA schedules because of reorganizations within State agencies. These delays, however, will not affect the submission of the final SEA's by October, 1979.

Because of Region VIII's practice of requiring detailed State work programs only for the priority issues in each SEA, some program areas will not evidence the detailed information required by regulation. While the Region saw reduction of reporting requirements as a positive incentive to gain States'

cooperation in the Agreements, the States (as reported by Colorado) are aware of the program requirements and are skeptical that they may later have to go back and develop detailed work programs for non-priority SEA issues, eliminating any benefit from using the SEA approach. Moreover, it remains to be seen if EPA Headquarters offices will be satisfied with the information contained in these SEA's in lieu of the customary individual grant applications.

SEA -- FY 1979

Region VIII's FY 1979 SEA process bears little resemblance to its 1980 process. In 1979, the process was managed by Regional water quality management staff, and other programs did not choose to participate because it was not required. The States initially viewed the 1979 process as an extension of their 106 Agreements. As a result, early drafts did not meet the Region's objectives and the States were given a six-month extension to get them in. At the end of the extension period, the Agreements were somewhat improved, but according to Regional staff, still resembled 106 Agreements.

When we talked with Colorado about their 1979 Agreement, we were told that they had no staff members with broad enough program perspectives to do the work. They maintained that the only reason they were able to finish their 1979 Agreement was because the Regional Office loaned them two staff members. Although Colorado is correcting this problem by adding staff with new skills in a newly formed Planning and Financial Management Division, the problem of finding staff members with sufficiently broad perspectives may be difficult for many States that are completing their first SEA's this year.

SEA -- FY 1980

Regional Process

Region VIII's process began with the full support of the RA and the DRA, who insisted that all EPA programs be included in the 1980 Agreements, regardless of Headquarter's lesser requirements. Primary responsibility was given to the Division Directors, who each has lead responsibility for one State, as well as general responsibility for his functional area for all States. Assignments of Division Directors were chosen to ensure cooperation among the Divisions. In addition, the performance agreements between the Division Directors and the RA included satisfactory completion of the SEAs, adding further impetus to the process and to cooperation among the Divisions.

A coordination team of one coordinator for each State handles the day-to-day processing of each Agreement, coordinates the work of all program office staff working on a particular SEA, and actually negotiates the Agreements with the States. Coordination team staff have been drawn from different program areas and are detailed out of their "home" program areas into another program area, reporting to the division director of the new area. For example, a Water Division staff member became a coordination team member responsible for the Colorado SEA; as a result, he is now detailed to the Air and Hazardous Materials Division, whose director has overall responsibility for the Colorado Agreement.

Staff from each of the different program areas support each coordinator through work that applies to their respective program areas. The team leaders saw a loophole here in that program area staff are expected to keep their respective branch chiefs informed of the program and policy information they are disseminating, but in many cases this has not occurred.

Region VIII's SEA priority setting process began with the Regional program offices. Each program area drew up a list of what they thought the most important issues were for each State. These lists were then given to the States which responded with priority lists of their own. The coordination team stated that by and large, the States' lists corresponded closely with the lists the Region developed and that there were no significant problems. Only one program area, air, reported using the Headquarters Program Guidance as a model, however, and in that case it was the Guidance to the States that proved most useful. It should also be kept in mind that issues requiring program coordination were consciously avoided.

The actual Agreement making process is being carried out by members of the coordination team and staff-level State personnel. The Region stated that working with staff-level personnel has facilitated getting the work done, but the staff's inability to address policy related questions makes coordination across program lines difficult.

Regional staff also stated there were other difficulties with working at the staff level resulting from the organizational placement of State environmental programs. Specifically, most of the States have their environmental programs split between their Departments of Public Health (or in some cases, environmental quality) and Agriculture (the pesticides programs). These two organizations are frequently skeptical of one another, and communication between the two is usually poor. Because Regional staff has focused its effort on working with the staff of the environmental quality sections, and because staff communication between the two State offices is minimal, Regional staff has found it difficult to get the remaining State programs involved in the SEA process. More generally, the coordinating team stated that they did not begin their discussions high enough in the organizational ladder of the State environmental quality offices to facilitate coordination across program areas, and furthermore, they entrusted State staff to make the appropriate contacts within the Department of Agriculture, which was not done. Because of this reluctance of the State Departments to communicate and deal with one another, the coordinating team believes that the Regional Administrator should open next year's sessions by talking with the Governors and extracting their commitments for complete staff cooperation and coordination in addressing issues and developing the Agreements. This is the only way, the Region states, that cross-program issues will be addressed and that all the State's agencies will be involved at the time they should be.

State Process

Because of time and scheduling constraints, the only State program office we were able to visit was Colorado's. Colorado, however, was very enthusiastic about the SEA process, and has participated in both the FY 1979 and 1980 processes.

Colorado summarized their 1979 SEA as shoddy, stating that they began work on the Agreement late, they had no staff qualified to do the work, and much of their program staff was unwilling to consider the process seriously. Colorado was given a six-month extension on their 1979 Agreement, during which they did a complete re-work, but ultimately they were unable to use all the ideas Regional staff had given them.

Following their 1979 experience, Colorado has added two new staff members to work on SEAs. Moreover, the 1979 experience appears to have highlighted their overall need for increased management capacity, because a whole new unit is being established to address policy and financial planning, including State/EPA Agreements.

Management was optimistic about using their SEA as a management tool for organizing and keeping track of their program activities. Much of the program staff remains skeptical of EPA's commitment to SEAs, however, and predict it is "just another initiative Headquarters has come up with" that will probably not survive and the States will be back to their former grant application process before long. A major related issue is whether EPA program offices will be satisfied with the less detailed information contained in the SEA, and let it stand as the States' entire grant application. The reporting requirements required subsequent to grant awards are also affected. The priority issues carry more detailed reporting requirements, matching their detailed work programs, while the non-priority issues entail minimal reporting requirements which are reflected in their summary work programs. Experienced State staff maintains that EPA program staff will insist on the detailed grant applications and reporting requirements they have always received (and which are required by regulations). They will then be required to produce detailed work programs for non-priority issues as well as for priority issues, thus losing the "reduced paperwork" incentive for doing SEAs. (Coordination team members consider this incentive to be a major factor in Region VIII States' acceptance of the SEA process.) State staff, as well as Regional staff, also maintain that until EPA Headquarters commits itself to SEAs, both in the way it deals with issues and in its program organization, a certain amount of skepticism will remain. Colorado's representative also stated that EPA's apparent lack of commitment to SEAs will reduce the State's willingness to address major issues requiring program coordination, because the individual programs will not be willing to give up their own priorities to address cross-cutting issues without a strong EPA (both Region and Headquarters) lead.

The State representative felt that coordination could be achieved without the Governor's involvement and getting the Governor's offices involved would delay the process. Specifically we were told that involvement by the Governor's Office would increase the political nature of the Agreement making process. In addition, since the SEAs would likely be a low priority for the Governors, they would get lost among the many things that office does and be unnecessarily delayed.

Other States

In most, if not all, of the remaining States in Region VIII, the Departments of Public Health are in charge of developing SEAs. Aside from Colorado, most of the States were not anxious to become involved in developing the Agreements, viewing it as a contractual obligation to EPA for which they would be held accountable.

Public Involvement

The Regional Office left public participation in the hands of the States. Because of time constraints, as well as their unfamiliarity with the new process, the States are involving the public only after drafts of the Agreements are completed. Colorado has requested the various State commissions to review portions of their 1980 document, and has set up an advisory committee specifically to review their SEA process.

Procedures

Priorities

As mentioned in the Regional process discussion, priority setting began with each program area generating its own list of priorities for each State. States then reviewed the lists and modified them to reflect their own concerns.

Coordination and Integration

Little effort was directed to addressing cross-program integration, although there may be a few multi-program issues scattered through the Agreements. The Region's opinion is that these kinds of issues will be addressed in subsequent SEAs. Toxics, wetlands and hazardous wastes are major issues where coordination should be attempted.

Administrative Load Reduction

Regional program staff did not seem particularly concerned about SEAs in terms of their own administrative burden, although they believed the burden to the States was being considerably lightened. Air and Solid Waste both thought their workload had increased as a result of SEAs; however, this is their first year of involvement in the process. Other program areas such as water supply and WQM, which participated last year, did not view the SEA as an additional burden.

Recommendations for Improving the SEA Process

- o The SEA Guidance issued by Headquarters was not very helpful, especially for cross-program issues. More specific and detailed examples illustrating how program integration and coordination should be accomplished would be useful.

- o SEAs should focus on accomplishing a few major achievements each year.
- o Each year's SEAs should highlight the previous year's accomplishments.
- o SEA Guidance was late and caused some difficulties -- in the future it should arrive before negotiations are underway.
- o The SEA Guidance should treat the SEA as a management tool and should differentiate between the RA management level and the program management level.
- o The SEA Guidance and all related materials should be issued by the Administrator's Office. This will help force program coordination and integration on issues, as well as demonstrate agency commitment to the process.
- o The division of responsibility between Headquarters and the Regional Offices should be made clearer.
- o Questions of funding flexibility need to be resolved and the red tape involved will have to be cut to a minimum if it is ever to be useable.
- o State and Regional program staffs are reluctant to change their thinking to accommodate the SEA approach to management. Some Headquarters lead-taking and example-setting would go a long way toward changing the way they organize their problem-solving processes.

REGION IX SEA TRIP REPORT

Introduction

Background Information

Judy Wheeler and Loretta Marzetti of the Office of Water Planning and Standards visited Region IX on July 12 and 13, 1979. The primary contacts were Frank Covington, Director, Water Division and Beverly Reed, the WQM Coordinator. They also met with representatives of the State branches within the Water Division which have lead responsibility for negotiating SEAs.

Regional Overview

The Region supports the SEA process. It is anticipated that most of the Agreements will be signed by the Governors. Although the Region recognizes that an agreement signed by the Governor is unlikely to be as detailed as one signed by a department head, they believe the advantages in terms of the State budgetary process and potential program coordination outweigh other considerations.

The Water Division has responsibility for SEA coordination. Although the Air and Solid Waste programs are in another Division, a mechanism has been provided for their effective input (this will be discussed later).

The FY 1980 SEAs will consist of a brief summary with multi-year strategy and program plans attached (or referenced). At our suggestion, the Region has agreed to provide Headquarters with summaries of the program plans along with the SEA.

The Regional Office supports the concept that EPA should make commitments in the SEA, but believes the timing of our budget cycle makes it difficult to commit resources. There was substantial concern expressed about the relationship between the SEA and ZBB processes.

The SEA process has helped the Regions and States to focus more clearly on priorities and has introduced the concept of long-range planning in some States. It has served as a vehicle to involve top management and, in some cases, the Governor in environmental problem-solving. Staff believes the process fosters greater environmental sensitivity.

The major problem experienced by Region IX has been in getting the Governors to sign the agreements. The FY 1980 SEAs for California will not be signed by the Governor. The two completed FY 1980 agreements for the Pacific Islands were signed by the Governors. It is anticipated that the Governor of Arizona will sign and still unclear whether the Governors of Hawaii and Nevada will sign.

SEA FY 1979

Status of Agreements

Agreements were signed in all of the Region IX States for FY 1979. Although only water programs were covered, the groundwork was laid for expanding the Agreements to other media for FY 1980.

<u>State</u>	<u>Date Signed</u>	<u>Parties</u>
Arizona	01/05/79	RA, Region IX - Director, Arizona Department of Health Services
California	09/26/78	RA, Region IX - Chairman, State Water Resources Control Board
Nevada	12/08/78	Letter from Governor to RA defining issues
Hawaii	04/11/79	RA, Region IX - Governor
Northern Marianas	02/06/79	RA, Region IX - Governor
Trust Territories	12/78	RA, Region IX - High Commissioner - Chairman Environmental Protection Board
Samoa	01/04/79	RA, Region IX - Governor
Guam	1/79	RA, Region IX - Acting Governor - Chairman, Guam EPA Board

Public Participation

Public meetings were held for the FY 1979 SEAs. In the Pacific Islands, the public participation activities for the covered programs were coordinated.

Priority Areas

Guam: Safe drinking water primacy; WQM plan adoption; construction of sewerage facilities; solid and hazardous waste management programs; O&M of sewage and drinking water facilities; adoption of SIP; regulatory programs and delegations; public participation.

Northern Marianas: Institutional, legal and regulatory authorities; construction grants; safe drinking water; solid waste management program; personnel development; public involvement.

Samoa: Legal and regulatory authorities; construction grants; drinking water; WQM plan development; solid and hazardous waste management programs; pesticides control program; training; public involvement.

Trust Territories: Implementation of environmental protection programs; improved program operation capabilities; management of sewage facilities; SDWA primacy; O&M of sewage and drinking water facilities; regulatory programs; public involvements; protection of public health.

Hawaii: Implementation of WQM plan; reduction of wastewater flows and recycling; control of hazardous wastes (integrated); State management of construction grants; integrated environmental legislation; enforcement of existing regulations; public involvement.

California: WQM plans which integrate water use, water supply and waste disposal; POTWs at secondary treatment level by 1983; interagency toxics program; O&M of POTWs; better management of SWRCB.

Attempts were made to bring agencies other than the water agency (SWRCB) into the FY 1979 SEA. These efforts were not successful. First and second drafts of the SEA contained a lot of discussion regarding coordination; the final draft did not, but did commit to bringing in other agencies in the FY 1980 SEAs.

Nevada: Priority I: Carson River, Reno-Sparks JWPCP discharges to Truckee River; point source discharges to Las Vegas Wash and Colorado River; NPS pollution of Lake Tahoe. Priority II: Urban runoff to Truckee; septic tank failures; NPS runoff to Humboldt River; TDS and nutrients from NPS to Walker River and Walker Lake.

Arizona: Colorado River salinity; point and NPS impairment of water quality; some public drinking water supplies; leachate from solid waste disposal sites; groundwater depletion.

Major Strengths and Weaknesses

Generally, FY 1979 Agreements represented a learning process and provided a basis for the FY 1980 negotiations. Priority areas were identified and commitments were made for future integration and coordination. In California, many of the dates for outputs were not met because the schedule was too optimistic.

SEA FY 1980

Regional In-House Process for Developing FY 1980 Agreements

Priorities were developed by the Regional Office for all media (integrated) based on the State profiles. The profiles were developed from 208 plans, monitoring data, 305(b) reports, air quality management plans, SIP's, solid waste management plans and other pertinent data. The profiles and extracts of major

issues were sent to the State. State branch chiefs work with the States to refine the priority lists. Unresolved issues are referred to the RA. Priorities reflect a mix of substantive and procedural issues. A multi-divisional team, composed of Division Directors as well as staffers, is involved in development and review of the SEAs. The team meets at a set time weekly to discuss progress and issues.

State Processes

Both State department heads and the Governor's offices are involved in the SEA process.

Negotiating Organizations

California: The Resources Agency (Air Resources Board, State Water Resources Control Board (SWRCB) and Solid Waste Management Board) (the Resources Agency has close ties to the Governor's Office); Health and Welfare Department (drinking water, hazardous waste); Agricultural Services Department (pesticides); and the Governor's Office.

Arizona: Arizona Department of Health Services; Office of Economic Planning and Development; and the Governor's Office. The Water Commission, Land Department and other pertinent agencies are involved through the Department of Health Services.

Nevada: State Department of Conservation and Natural Resources; Department of Human Resources (drinking water).

Hawaii: Department of Health

Pacific Islands: State environmental agencies

Schedule

In March 1979, the Regional Administrator established an overall schedule for the development of draft and final Agreements, including provision for public participation. Draft Agreements were due by the end of June and final Agreements are to be signed by September 30, 1979. To date, this schedule is being met. In fact, two Agreements have already been signed ahead of schedule -- the Northern Marianas (May 25, 1979) and Guam (June 14, 1979).

Public Involvement Techniques

Region IX is giving public participation grants to Arizona and Nevada for development of public participation strategies for the FY 1981 Agreements. The Region also intends to award a grant to California for the same purpose. Arizona has a public participation task force consisting of COGs, State agencies, public interest groups, and a citizen who commented on the FY 1979 SEA. In the Outer Islands, because of the consolidated grant program and single layer government, coordination and integration of public participation is common practice. The Region has encouraged use of existing public participation advisory groups to the maximum extent possible or expansion of them if needed to cover SEA activities.

Procedures

California provides a most interesting example of procedures involved in negotiating an SEA in a multi-agency State. As mentioned previously, three departments, covering five major agencies, are involved. These are: the Resources Agency (Air Resources Board (ARB), State Water Resources Control Board (SWRCB), and Solid Waste Management Board (SWMB)); Health and Welfare Department (drinking water, hazardous waste) and Agriculture Services (pesticides). The Agreement will be divided into six separate categories: (1) a major cross-cutting issue (toxics); and (2) five media related categories that will be negotiated with each appropriate agency. The signatory parties will be the Directors of the five major agencies and EPA, Region IX.

In California, the water quality/quantity agency is the SWRCB, with which the FY 1979 SEA was negotiated. The process used to negotiate with SWRCB is as follows. In January and February the State identified 40 issues. In March a steering committee (EPA, COGs, SWRCB Regional Boards, SWRCB staff) met to prioritize issues. Sub-committees were formed to resolve issues. Those that were resolved (basically trivial procedural issues) were dropped from the list. The SEA was the driving force for this issue resolution process. If the sub-committee could not resolve an issue it was raised to the Executive Director of the SWRCB, and the Director of the Water Division, EPA, and a representative of the EPA Enforcement Office. This group, known as the Policy Body, either resolved the issue or identified it as a problem to be solved in the SEA. Program coordination in areas other than toxics is expected to occur through memoranda of understanding.

The Solid Waste Management Board (SWMB) in California has agreed to shift \$200,000 from subtitle D to subtitle C to meet hazardous waste priorities agreed on by EPA and the State at the mid-year evaluations. This proposal is pending HQ approvals.

Major Achievements of SEA Process

Summary of Achievements

- o Integrated toxics agreement in California,
- o Involvement of the Governor's office,
- o Prioritization of problems,
- o Awareness of long-range planning needs,
- o EPA will make commitments,
- o Better communication between State agencies,
- o Better resource allocation at Regional Office.

Comparisons -- FY 1979 vs. FY 1980

The FY 1980 Agreements will be much more comprehensive than the FY 1979 Agreements and are expected to provide for more coordination.

Recommended Revisions to Improve SEA Process

Regional/State Recommendations and Comments

- o Need internal linkage between ZBB and SEA process. EPA budget cycles make it hard to commit EPA resources.
- o Need flexibility to adjust to State's fiscal year cycle. Consideration should be given to developing a two-year Agreement on an annual basis.
- o Recognize that State and national priorities may differ.
- o EPA inability to transfer funds from one program to another limits States' flexibility to do the same.
- o National guidance (both EPA Agency Guidance and SEA Guidance) would be more effective if available earlier in the process.
- o FY 1981 SEA Guidance should:
 - 1. Be flexible,
 - 2. Include simple examples of SEA content and procedures, format and permit coordination.

Survey Team Comments

It was unclear whether Region IX changed its way of doing business as a result of the SEA process. The SEA has served to get people together and to focus State attention on problem identification, prioritization, and problem solution. The Region is willing to back the SEA commitments by withholding grant funds and EPA will also make commitments in the SEAs.

REGION X SEA TRIP REPORT

Introduction

Background Information

Peter Wise, Judith Wheeler, and Bob Linett of the Office of Water Planning and Standards visited Region X on July 9-10.

Persons Contacted: Ms. Julie Erickson, Region X SEA Coordinator
Mr. Ed Coate, Deputy Regional Administrator
Mr. Dick Bauer, Chief, Resources Management Branch
Mr. Lyman Nielson, Washington Operations Office
Mr. Lynn McKee, Idaho Operations Office
Mr. John Vlastelicia, Oregon Operations Office
Mr. Dick Thiel, Alaska Operations Office
Representatives of Regional Office program offices
for solid waste, water supply, and water quality
management
Representative of the State of Oregon

Regional Overview

The Deputy Regional Administrator indicated his and the Regional Administrator's strong support for the SEA process. He also supported the assessment visit and believes there should be more visits of this type from HQ to the Regions. Regional support for the SEA process is based on the RA and DRA's belief that it can serve to pull the covered programs together, avoid duplication of effort, and introduce a problem solving approach. Organizationally, SEA negotiation responsibility is placed in the Operations (OPS) Offices which are located in the four States. The water quality, solid waste, water supply and air staffs at the Regional Office provide program support. This division of labor was designed to lead to greater program integration.

The FY 1980 SEAs for each Region X State will consist of an executive summary and an agreement of roughly 150 pages which will provide the basis for making grants (i.e., it will include the 5-year strategy and the work plans). All of the covered programs plus air will be covered in the 1980 SEAs. All four States will include 105 program grants in the SEA. Alaska and Oregon will include a multi-year air strategy in their Agreements. Region X strongly supports EPA making commitments, in addition to distribution of grant funds, in the SEAs. The Region is using the 1979 SEAs as a management tool and has found them useful in performing mid-year evaluations. They intend to use future SEAs in the same way. At the time of the Regional visit none of the 1980 SEAs were available for HQ review.

The major success of the SEA process in Region X to date appears to be assisting the Region in getting the States to concentrate on longer range planning (5-year), better problem identification, and assignment of priorities

to environmental problems. Further, it has served as a management tool to evaluate progress. Top management has been involved in the process. Because the Region agrees with the concept of the SEA and because it is consistent with the management philosophy of Region X, there has been strong support for the process at the highest levels of the Regional Office, leading to inclusion of air in the SEAs to the extent feasible and emphasis on development of 5-year strategies for programs where it is not mandated.

The major potential problem involves organization of the Regional Office. For the 1979 SEAs lead responsibility was in the Water Division. For 1980 it is in the OPS offices. While generally the OPS offices believe they have a good working relationship with the program offices at the Regional Office, the program people have expressed concern that they are not being sufficiently involved and that the 1980 SEAs may not provide sufficient detail on which to base a grant award. The DRA is aware of these concerns and believes they can be dealt with.

SEA FY 1979

Status of Agreements and Negotiating Parties

SEAs were negotiated for all four Region X States, although some Agreements were more detailed than others.

<u>State</u>	<u>Date Signed</u>	<u>Parties</u>
Alaska	12/07/78	State Director and RA
Idaho	02/20/79	State Director and RA
Oregon	12/13/78	State Director and RA
Washington	02/23/79	State Director and RA

Public Participation

The Regional Office relied on the States' processes for public participation in the SEA process. It varied by State in terms of advance notice, workshops, etc. All States had the Policy Advisory Committees review the SEAs and comment. Washington took theirs to workshops including the areawide 208 agencies. Oregon held a meeting with local 208 agencies and also announced and distributed the draft widely for public review. Oregon was the only one that provided a good Summary of Public Participation. Judgement varies by State but for a first time effort their efforts were pretty good. Regional Office guidance was to build the public participation process into their normal 106 process.

Priority Areas

Major priority problems by State were:

Alaska: Village Sanitation, Placer Mining, SE Alaska logging, construction urban runoff, waste oil disposal, gas pipeline (ALPETCO project), continental shelf oil and gas lease sale.

Idaho: Agricultural runoff, Rathdrum Prairie Aquifer protection, Boise area urban initiative (growth management, groundwater, air quality, etc.), sediment standard, injection wells, lakes development, Ft. Hall Indian reservation, South Fork of Coeur d'Alene River (mine tailings), toxics container storage and disposal.

Oregon: Groundwater quality, toxics, CSO, animal waste-feedlot runoff, agricultural runoff, ammonia discharge in the Willamette, vessel discharge, urban runoff, area-specific problems such as irrigated agriculture in the Malheur, septic tanks and animal waste in the Tillamook Bay area, etc.

Washington: Toxic substances, animal waste management, ground disposal (Spokane Co. aquifer, Cowlitz County septic tanks, large septic systems) irrigated agriculture, urban waters (runoff), forest practices, dryland agriculture.

The methodology for determining priority areas varied by State. In general, EPA held several water team meetings with major input from S&A to identify geographic areas where the Region felt there were major water quality problems from a geographic standpoint (based on 305(b)s, profiles, etc.). Then each program director identified major program areas for inclusion in SEAs, such as 205(g) delegation, etc.

Alaska: Used the judgement of staff in identifying major priority areas.

Idaho: Relied heavily on their 305(b) report and problem identification.

Oregon: Used staff judgement as well as the priorities identified in their NPS assessment done under the 208 program.

Washington: Went through an extensive stream segment analysis (WQL, EL NPS-limited) to identify priority problem elements and then made their 305(b) consistent with that. Problem identification was based on WQ data analysis and staff judgement.

SEA Features and Processes

Regional procedures for negotiating SEAs consisted of several phases.

1. Initial FY 1979 guidance provided an example of an SEA/Five Year Strategy and required a commitment to prepare agreement by March 1979. Emphasis was on Five Year Strategy rather than SEA at that time.
2. Lead was taken by the WQM Branch Chief to meet with the head of each State's water program in one-on-one full day meetings to lay out the format and substance of the water SEA. In some instances, Operations Offices' staff participated in these meetings.

3. As material was completed from each meeting, it was circulated to each member of the Water Team (Construction Grants, Permits, Planning and Monitoring Branch Chiefs and Operations Office Directors).
4. Review comments were consolidated by WQM and transmitted to the States. In the middle of the process, the Region changed its opinion of what a State EPA Agreement consisted of and directed its attentions to obtaining both a Five Year Strategy and a "summary" SEA.
5. The Regional Office held briefings with the Water Team, RA and DRA and Operations Office Directors on the agreements to work out final negotiation process and substance of the agreements. At that time the Operations Office Directors were given the responsibility of obtaining the final signatures on the Agreements.
6. The process lasted through November 1978 to get the FY 1979 strategies and summary agreements. Generally Oregon and Alaska's strategies and agreements were adequate and Washington and Idaho's were less than adequate, in terms of meeting Regional guidance and needs.

Major Problems in Negotiating FY 1979 SEAs

Because EPA program offices were not willing to give up anything, the States were required to commit to everything. Subsequently, the States could not accomplish everything they committed to. This was overcome partially by giving the responsibility of negotiating the agreements for FY 1980 to the Operations Offices.

Too much time was spent completing the strategy and not enough time was left for the SEA itself. All of EPA, from HQ on down, had different ideas of what an SEA should be (from a PR document to substantive commitments). Guidance to the States was somewhat confused because of this.

Because of problems of timing related to EPA budget cycles, it was difficult to make strong EPA commitments. It was difficult to get senior State officials to think in terms of 5-year strategies. Lack of mandatory 5-year strategy for some programs made it difficult to prioritize. Public interest in SEA process was limited.

Major Accomplishments and Strengths

1. Used as a management tool for mid-year evaluations.
2. Pushed States to think in terms of 5-year strategies.
3. Helped focus on priorities.
4. SEA process helped in involving air program.
5. First step toward program integration.

6. Possible future reduction of paperwork and oversight.
7. Better coordination and some integration.
8. First step in right direction -- a learning experience.
9. Helps States see how EPA programs interrelate.
10. Grants were not awarded to Oregon and Alaska (106) until SEAs were completed (December). In Idaho and Washington, grants were conditioned and funds were withheld pending completion of an acceptable SEA.

SEA FY 1980

Regional In-House Processes for Developing FY 1980 SEAs

The Resources Management Branch, Planning Section, has had the primary responsibility for:

1. Issuing "process" guidance and outlining roles and responsibilities.
2. Coordinating program guidance between Regional and Operations Office personnel.
3. Coordinating the SEA review process (of draft SEAs).
4. Tracking the status of SEA development in all States and providing status reports to the RA and DRA.
5. Coordinating the mid-year review process (during which time the previous year's SEAs are scrutinized).
6. Providing administrative support assistance to the Operations Office Directors and States.
7. Flagging major issues for discussion/evaluation and, if necessary, issuing appropriate guidance.

The Operations (OPS) Office Directors are the point of contact for the States and have lead responsibility for negotiating the SEA, serve as State program grant officers, and manage the oversight program, including mid-year reviews. The program offices (media teams) provide support to the OPS offices.

The SEA is a single bilateral document consisting of a signed summary, a one-year operating plan and multi-year strategy for each of the covered programs, an integration strategy, and in some cases, delegation compliance agreements. The summary, approximately 20 pages, is written in layman's language and will be used for public information purposes.

Other EPA roles and responsibilities in regard to the SEA include:
 RA/DRA -- provide front-end policy constraints, resolve issues between OPS
 offices and divisions, approve and execute SEAs. Director, Office of External
 Affairs -- develops Regional policy for public participation in SEA process.

State Processes

The following Agencies will have ultimate implementation responsibilities:

<u>State</u>	<u>Set Responsibility</u>
Alaska	Director, Deputy of Environmental Conservation (ADEC) Director, EPA Alaska Operations Office
Oregon	Director, Department of Environmental Quality Director, EPA Oregon OPS Office
Washington	Director, Department of Ecology Director, Health Services Division Department of Social & Health Services (Drinking Water Program) Director, EPA Washington Operations Office
Idaho	Administrator, Division of Environment Department of Health and Welfare Director, EPA Idaho OPS Office

Schedule

March 1979	SEA National Guidance received.
April 1979	Kickoff letter by RA to State Directors Region 1 SEA guidance sent to States by OPS Mid-year program mini-reivews.
May 1979	RA/State Director mini-reviews.
July 1979	Draft SEA received by EPA EPA reviews sent to States Joint State/EPA public hearings.
September 1979	Final SEA received SEA signed.

Public Involvement Techniques

The Region supports the concept that public involvement is a joint State/
 EPA responsibility. The public participation effort will focus on direct mail-
 ings to interest groups and public meetings. However, in FY 1979 attendance at
 public meetings was very limited (3 to 5 people at most meetings). Generally,
 public participation is going according to plan. Involvement occurs after a
 draft is developed.

Procedures

Each program office within the Regional Office develops a priority list for each State. Priorities are both substantive and procedural. These lists, and any specific guidance developed by the program offices, are sent to the OPS Office Directors who transmit the priorities lists to the States. They have the option of sending the guidance to the States. The State agencies then develop the draft SEA in close cooperation with the OPS offices. The Regional program offices provide support for the OPS offices in the negotiation process. After a draft is developed by the State, the OPS and program offices review and comment on the draft. Once the draft is revised, public meetings (often joint EPA/State meetings) are held and the final SEA is prepared and signed. The Resource Management Branch is responsible for coordination.

Major Achievements and Impacts of SEA Process

Summary of Achievements

Because of the timing of our visit it is not possible to ascertain what the FY 1980 SEAs will achieve because they are only now being drafted. The achievements listed below are those that came about from the FY 1979 SEAs and those that are hoped for by the FY 1980 SEAs.

- o Reorganization of Regional Office placing more responsibility in the OPS offices -- strong focal point for decision-making.
- o Stronger emphasis on problem assessment through 5-year strategy and prioritization.
- o Stronger emphasis on problem-solving.
- o Provides mechanism for States to see how EPA programs interrelate.
- o Involvement of top management.
- o New emphasis on longer range planning.
- o Inclusion of all annual grant program plans for the covered programs (e.g., 105, 106, 208, water supply and solid waste).
- o Getting State people to talk to each other.
- o New emphasis on program integration.
- o More meaningful paperwork.
- o Involvement of air program in FY 1980 (Regional initiative).
- o Development of 5-year strategies for programs where it is not required (Regional initiative).

- o Integration/coordination
 - Idaho is working on an integrated 5-year strategy (air, RCRA, CWA, SDWA).
 - Regional Urban Initiative Program
 - (a) integrated EIS for Boise, Idaho
 - (b) integrated groundwater program in Spokane.

Comparisons -- FY 1979 vs. FY 1980

The FY 1979 SEAs covered only water programs and were coordinated by the Water Division. For FY 1980, all of the covered programs plus air will be included and major coordination is being handled by the Resources Management Branch. The FY 1979 SEAs were a learning experience and knowledge gained in FY 1979 is being used to negotiate more comprehensive agreements in FY 1980. More coordination and integration is expected in the FY 1980 SEAs.

Recommended Revisions to Improve SEA Process

Regional/State Recommendations and Comments

The Region is supportive of the SEA process and believes that it will assist in focusing on problem identification, prioritization and problem-solving in a coordinated manner. They liked the FY 1980 SEA guidance and want the FY 1981 guidance to remain flexible. Their suggestions for the FY 1981 guidance include:

- o Examples of format.
- o Guidance regarding reduction of paperwork (e.g., can the CPP be integrated into the SEA?).
- o Use real world examples.
- o HQ inclusion of the air program.
- o Emphasis on flexibility in using priorities in national program guidance when State problems are different from national priorities.
- o Emphasis on SEA as a bilateral agreement.
- o Clarification of funding flexibility.

We spoke with a representative of the Oregon Department of Environmental Quality who stated that the timing of the SEA does not match up well with the bi-annual State budget process. We pointed out that this problem can be addressed through longer range planning. He also expressed his belief that in order to get the States to do long range planning, EPA must make a solid commitment to the process so the rules will not change from year-to-year.

Survey Team Comments

Because the SEA concept is consistent with the Region X management philosophy, Region X has made significant progress in implementing the process. While direct water quality benefits may not be apparent for several years, the SEA is expected to direct EPA and State resources where they are most needed and ultimately to attack the worst problems first in an integrated manner. We were very encouraged by the progress made in Region X and our only major concern regards the relationship between the OPS and program offices. We did suggest to Regional staff they they consider integrating the program office developed priority lists before sending them to the OPS offices and the States for future SEAs.