

Department of Environmental Quality

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	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	473.4	471.4	467.4
Personal Services	5,720,100	5,269,100	5,288,400
Employee Related Expenditures	2,885,200	2,481,100	2,488,800
Professional and Outside Services	431,300	8,800	17,300
Travel - In State	18,700	0	13,900
Travel - Out of State	1,200	0	0
Other Operating Expenditures	6,160,300	6,236,100	6,253,000
Equipment	169,000	374,700	375,100
OPERATING SUBTOTAL	15,385,800	14,369,800	14,436,500
SPECIAL LINE ITEMS			
Air Programs			
Air Quality Management and Analysis	10,639,000	10,389,800	10,389,800
Emissions Control Contractor Payment	25,492,200	27,639,600	27,639,600
Emissions Control Program - Administration	2,662,100	4,150,200	4,150,200
Maricopa, Pima, and Pinal Counties Travel Reduction Plan	176,900	1,638,100	1,638,100
Transfers to Counties Program	165,000	145,700	145,700
Waste Programs			
Waste Control and Management	4,786,200	3,714,600	3,714,600
Underground Storage Tank Program	1,300	22,000	0
Waste Tire Program	48,000	44,700	0
WQARF Priority Site Remediation	13,000,000	7,000,000	7,000,000
Water Programs			
Arizona Pollution Discharge Elimination System	1,524,700	1,524,700	1,524,700
Drinking Water Regulation Program	1,875,400	2,226,400	2,226,400
Surface Water Regulation Program	1,635,200	1,656,300	1,656,300
Underground Water Regulation Program	5,607,200	7,056,400	7,056,400
WIFA			
Drinking Water Revolving Loan Program	845,100	0	0
5th Special Session Reduction	0	(3,009,000)	(3,009,000)
AGENCY TOTAL	83,844,100	78,569,300	78,569,300
FUND SOURCES			
General Fund	19,673,500	12,779,100	12,779,100
<u>Other Appropriated Funds</u>			
Air Permits Administration Fund	5,752,200	5,252,000	5,252,000
Air Quality Fund	5,016,800	4,763,800	4,763,800
Clean Water Revolving Fund	5,482,200	5,000,000	5,000,000
Emissions Inspection Fund	28,154,300	33,116,600	33,116,600
Hazardous Waste Management Fund	163,200	740,900	740,900
Indirect Cost Recovery Fund	12,424,200	10,382,700	10,382,700
Recycling Fund	2,078,500	0	0
Solid Waste Fee Fund	1,011,000	1,163,700	1,163,700
Underground Storage Tank Revolving Fund	1,300	22,000	22,000
Used Oil Fund	700	138,300	138,300
Water Quality Fee Fund	4,086,200	5,210,200	5,210,200
SUBTOTAL - Other Appropriated Funds	64,170,600	65,790,200	65,790,200
SUBTOTAL - Appropriated Funds	83,844,100	78,569,300	78,569,300

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
Other Non-Appropriated Funds	246,489,800	184,520,600	184,520,600
Federal Funds	19,521,800	62,919,800	62,919,800
TOTAL - ALL SOURCES	349,855,700	326,009,700	326,009,700

CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	0	0.0%
Non-Appropriated Funds	0	0.0%
Total - All Sources	0	0.0%

AGENCY DESCRIPTION — The Department of Environmental Quality (ADEQ) enforces air, water, and land quality standards. The department’s Office of Air Quality issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors and assesses the ambient air, and develops air quality improvement strategies. The Office of Waste Programs implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the clean up (remediation) of hazardous waste sites. The Office of Water Quality regulates drinking water and waste water systems, monitors and assesses waters of the state, and provides hydrologic analysis to support hazardous site remediation.

Operating Budget

The Baseline includes \$14,436,500 and 141.4 FTE Positions for the operating budget in FY 2011. These amounts consist of:

General Fund	\$ 3,145,300
Indirect Cost Recovery Fund	11,224,500
Solid Waste Fee Fund	44,700
Underground Storage Tank Revolving Fund	22,000

FY 2011 adjustments would be as follows:

Waste Tire Shift OF 44,700

The Baseline includes an increase of \$44,700 and 2.8 FTE Positions from the Solid Waste Fee Fund in FY 2011 to transfer the Waste Tire program to the department’s operating budget. This shift does not change the department’s overall funding. *(Please see Waste Tire Program for more information.)*

UST Shift OF 22,000

The Baseline includes an increase of \$22,000 from the Underground Storage Tank Fund in FY 2011 to transfer two Underground Storage Tank (UST) committees to the department’s operating budget. This shift does not change the department’s overall funding. *(Please see Underground Storage Tank Program for more information.)*

Air Programs

Air Quality Management and Analysis

The Baseline includes \$10,389,800 and 90.9 FTE Positions for Air Quality Management and Analysis in FY 2011. These amounts consist of:

General Fund	220,800
Air Permits Administration Fund	5,681,400
Air Quality Fund	4,487,600

These amounts are unchanged from FY 2010.

Expenditures from the Air Quality Management and Analysis Special Line Item are for air quality research, regulation and inspection of stationary air pollution sources, and programs to bring non-attainment areas into attainment with federal clean air standards.

Emissions Control Program

The Emissions Control Program is operated by an independent contractor in Maricopa and Pima Counties, with the purpose of identifying and repairing polluting motor vehicles. Vehicle owners in Maricopa County are subject to either an Inspection and Maintenance or On-Board Diagnostic inspection if the vehicle was manufactured in 1981 or after, or a loaded idle inspection if the vehicle was manufactured prior to 1981. Pima County vehicle owners are subject only to the idle inspection. The program is funded through test fees that are charged to motorists at the time of inspection.

The contractor collects the test fees and remits the entire portion for deposit in the Emissions Inspection Fund. Monies are then appropriated from the Emissions Inspection Fund to either pay for ADEQ's program administration costs or to pay the independent contractor's operational expenses.

Table 1 displays the components of the Emission Control Program appropriation from the Emissions Inspection Fund for FY 2011.

Table 1	
Emissions Control Program	
	FY 2011
Contractor Payment	\$27,639,600
Program Administration	4,150,200
Total	\$31,789,800

Emissions Control Contractor Payment

The Baseline includes \$27,639,600 from the Emissions Inspection Fund for the Emissions Control Contractor Payment in FY 2011. This amount is unchanged from FY 2010.

Monies appropriated to this line item are to pay the Emissions Control Program contractor. Under the contract, the contractor remits the entire amount of the fee to ADEQ for deposit in the Emissions Inspection Fund. ADEQ then determines the amount due to the contractor, based on the number of vehicles inspected, and makes payments to the contractor on a regular basis.

Emissions Control Program - Administration

The Baseline includes \$4,150,200 and 34 FTE Positions from the Emissions Inspection Fund for the Emissions Control Program in FY 2011. These amounts are unchanged from FY 2010.

This line item includes activities such as providing program information and assistance to the public, reviewing the eligibility of those seeking vehicle repair grants or test waivers, and overseeing the inspection contract. These activities are funded from the administrative portion of the inspection fee, which is set by ADEQ.

Maricopa, Pima, and Pinal Counties Travel Reduction Plan

The Baseline includes \$1,638,100 from the Emissions Inspection Fund for the Maricopa, Pima, and Pinal Counties Travel Reduction Plan in FY 2011. This amount is unchanged from FY 2010.

Maricopa, Pima, and Pinal Counties each manage air pollution control programs at the county level. The monies in the Maricopa, Pima, and Pinal Counties Travel

Reduction Plan provide funding to these counties to administer rideshare and other trip reduction programs.

Transfers to Counties Program

The Baseline includes \$145,700 from the Air Quality Fund for the Transfers to Counties Program in FY 2011. This amount is unchanged from FY 2010.

Monies in this line item are for use by counties in Arizona to establish air quality public notification and outreach programs, to minimize exposure to particulate matter concentrations, and for abatement and minimization of controllable sources of particulate matter through the best available control measures.

Waste Programs

Waste Control and Management

The Baseline includes \$3,714,600 and 45.6 FTE Positions for Waste Control and Management in FY 2011. These amounts consist of:

General Fund	1,050,400
Air Quality Fund	519,600
Hazardous Waste Management Fund	800,500
Solid Waste Fee Fund	1,205,800
Used Oil Fund	138,300

These amounts are unchanged from FY 2010.

The Waste Control and Management Program is responsible for issuing permits to landfills and other solid waste facilities, as well as regulation and inspection of hazardous waste facilities. The department may initiate remediation actions related to compliance issues.

Underground Storage Tank Program

The Baseline includes no funding for the Underground Storage Tank (UST) Program in FY 2011. FY 2011 adjustments would be as follows:

UST Shift	OF	(22,000)
The Baseline includes a decrease of \$(22,000) from the Underground Storage Tank Fund in FY 2011 to transfer two Underground Storage Tank (UST) committees to the department's operating budget. This shift does not change the department's overall funding.		

Monies in the UST Program are utilized to detect and clean up hazardous leakage from USTs. The program's regulatory component is funded from annual tank registration fees. The clean-up component is funded from a 1¢ per gallon excise tax on gasoline and diesel fuel, which expires on January 1, 2014.

The excise tax is deposited into the UST Fund's State Assurance Account (SAA). Monies in the SAA are used to partially reimburse tank owners for corrective actions due to leaking tanks and to reimburse ADEQ for actions taken by the agency. The vast majority of fund revenues are not appropriated by the Legislature; however, an amount of \$22,000 from the SAA in FY 2011 is appropriated for the operating costs of the Technical Appeals Panel and the Underground Storage Tank Policy Commission.

The Baseline would also continue to suspend the UST Revolving Fund Assurance Account administrative cap for FY 2011, as was done in FY 2010, to allow the department to utilize up to \$6,531,000. This would allow the agency to continue funding 3 FTE Positions for the Leak Prevention and Compliance Program, and to provide funding for the Used Oil Program. Expenditures from the Assurance Account are not appropriated by the Legislature and, therefore, are not reflected in the table above.

Waste Tire Program

The Baseline includes no funding for the Waste Tire Program in FY 2011. FY 2011 adjustments would be as follows:

Waste Tire Shift OF (44,700)

The Baseline includes a decrease of \$(44,700) and (2.8) FTE Positions from the Solid Waste Fee Fund in FY 2011 to transfer the Waste Tire program to the department's operating budget. This shift does not change the department's overall funding.

This program oversees county programs that dispose of and/or recycle waste tires.

WQARF Priority Site Remediation

The Baseline includes \$7,000,000 from the General Fund for the Water Quality Assurance Revolving Fund (WQARF) Priority Site Remediation in FY 2011. This amount is unchanged from FY 2010.

WQARF is funded in part from an annual \$15,000,000 transfer from the Corporate Income Tax (CIT), as stipulated in A.R.S. § 49-282. Funding for this program, therefore, does not appear in the General Appropriation Act. In addition, WQARF generates other revenue from various license and registration fees. A.R.S. § 49-282 directs the State Treasurer to adjust the \$15,000,000 CIT transfer so that, when combined with the WQARF fee generated revenue, the program receives \$18,000,000 annually. Some types of revenue, including cost recovery collections and interest, are not included in this calculation. Therefore, actual program revenues can exceed \$18,000,000 in a year depending on how much is deposited from these other sources.

Laws 2009, Chapter 285 notwithstanding these statutory provisions and reduced the General Fund allocation by \$(2,000,000) and Laws 2009, Chapter 12 reduced the allocation further by \$(6,000,000). Table 2 describes program activity for FY 2009 and FY 2010. The Baseline would continue the deposit at the reduced level.

	WQARF Activity	
	Actual FY 2009	Estimated FY 2010
Balance Forward	\$ 8,092,000	\$1,129,800
General Fund	13,000,000	7,000,000
Other Revenue	<u>4,602,500</u>	<u>4,016,000</u>
Total Funds Available	25,694,500	12,145,800
General Fund Expenditures	\$ 0	\$7,000,000
Other Funds Expended	10,903,400	3,597,000
Prior Year Commitments	0	51,300
<u>Funds Transferred</u>		
Dept. of Water Resources	\$525,000	\$300,000
Voluntary Remediation Fund	0	0
DHS Risk Assessment	27,000	60,000
General Fund Reduction	13,055,900	0
Hiring Freeze Revertment	<u>53,400</u>	<u>371,300</u>
Year-End Fund Balance	\$1,129,800	\$ 766,200

The WQARF program is similar to the federal Superfund program in that it is designed to monitor and remediate contaminated groundwater at specified sites. Program expenditures include searching for responsible polluters, conducting risk assessments and remediation feasibility studies, and contracting for remediation services.

Water Programs

Arizona Pollutant Discharge Elimination System

The Baseline includes \$1,524,700 and 23.2 FTE Positions from the Clean Water Revolving Fund for the Arizona Pollutant Discharge Elimination System (AZPDES) in FY 2011. These amounts are unchanged from FY 2010.

The AZPDES regulates facilities that discharge pollutants from any point source into navigable waters. These permits may be required for agricultural, domestic, or industrial activities.

Drinking Water Regulation Program

The Baseline includes \$2,226,400 and 37.6 FTE Positions for the Drinking Water Regulation Program in FY 2011. These amounts consist of:

General Fund	52,200
Clean Water Revolving Fund	1,819,000
Water Quality Fee Fund	355,200

These amounts are unchanged from FY 2010.

Water Infrastructure Finance Authority (WIFA)

Drinking Water Revolving Loan Program

The Baseline includes no funding from the Clean Water Revolving Fund for the Drinking Water Revolving Loan Program in FY 2011. This amount is unchanged from FY 2010.

The FY 2010 appropriation to this program was \$845,100. ADEQ transferred \$325,900 of this amount to the Drinking Water Regulation Program and \$519,200 to the Surface Water Regulation Program. The Drinking Water Revolving Loan Program continues to operate on Non-Appropriated funds.

State and local public drinking water systems are eligible for financial assistance under WIFA's Drinking Water Revolving Fund (DWRF). DWRF monies can be used to plan, engineer, construct, or modify drinking water facilities. Funds may also be used for source water protection and land acquisition. Under the Federal Safe Drinking Water Act, Arizona receives a Federal Fund allocation to be used for loans each year. The act requires that states match the federal allocation at 20%.

5th Special Session Reduction

The Baseline includes \$(3,009,000) in FY 2011 to continue the 5th Special Session FY 2010 Lump Sum Reduction. This amount consists of:

General Fund	(468,600)
Air Permits Administration Fund	(429,400)
Air Quality Fund	(389,100)
Emissions Inspection Fund	(311,300)
Hazardous Waste Management Fund	(59,600)
Indirect Cost Recovery Fund	(841,800)
Solid Waste Fee Fund	(86,800)
Water Quality Fee Fund	(422,400)

This lump sum reduction would be allocated to specific line items in the FY 2011 General Appropriation Act.

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FORMAT — By Program with Special Line Items

FOOTNOTES

Standard Footnotes

Of the monies appropriated to the Maricopa, Pima and Pinal Counties Travel Reduction Plan line item in FY 2011, \$926,600 shall be allocated to Maricopa County, \$364,400 shall be allocated to the Pima Association of Governments, \$85,000 shall be allocated to Pinal County and \$262,100 shall be allocated to Pima County.

The FY 2010 appropriation to this program was \$2,531,200. ADEQ transferred \$325,900 of its Clean Water Revolving Fund appropriation to the Drinking Water Regulation Program from the Drinking Water Revolving Loan Program. ADEQ also transferred \$511,000 of its Water Quality Fee Fund appropriation from the Drinking Water Regulation Program to the Underground Water Regulation Program.

The Drinking Water Regulation Program ensures drinking water standards are met through assessments of drinking water sources, reviews of water delivery system design and construction, and tests of drinking water for contaminants.

Surface Water Regulation Program

The Baseline includes \$1,656,300 and 26.7 FTE Positions from the Clean Water Revolving Fund for the Surface Water Regulation Program in FY 2011. These amounts are unchanged from FY 2010.

The FY 2010 appropriation to this program was \$1,137,100. ADEQ transferred \$519,200 of its FY 2010 Clean Water Revolving Fund appropriation from the Drinking Water Revolving Loan Program to the Surface Water Regulation Program.

The Surface Water Regulation Program regulates the discharge and treatment of both domestic sewage and industrial waste derived from the manufacturing industry through a permitting process; and monitors surface water, which represent all the lakes and streams in Arizona, for compliance with the Clean Water Act.

Underground Water Regulation Program

The Baseline includes \$7,056,400 and 68 FTE Positions for the Underground Water Regulation Program in FY 2011. These amounts consist of:

General Fund	1,779,000
Water Quality Fee Fund	5,277,400

These amounts are unchanged from FY 2010.

The FY 2010 appropriation to this program was \$7,037,000. ADEQ transferred \$511,000 of its FY 2010 Water Quality Fee Fund appropriation from the Drinking Water Regulation Program to the Underground Water Regulation Program line item.

The Underground Water Regulation Program issues aquifer protection permits to facilities whose activities, including waste discharges, pose a threat to groundwater. This program also issues permits for residential wastewater systems and administers the Drywell Program, which monitors water runoff that is collected and injected underground.

The monies appropriated in the Transfers to Counties Program line item are for use by Arizona counties to avoid being declared in nonattainment of particulate matter standards by establishing public notification and outreach programs, minimizing exposure to particulate matter concentrations, and abating and minimizing controllable sources of particulate matter through best available control measures. Of the monies in the Transfers to Counties Program line item in FY 2011, \$50,000 shall be used by Pima County for carbon monoxide monitoring as required by the Pima County Limited Maintenance Plan with the United States Environmental Protection Agency.

The Department of Environmental Quality shall report annually on the progress of WQARF activities, including emergency response, priority site remediation, cost recovery activity, revenue and expenditure activity and other WQARF-funded program activity. This report shall also include a budget for the WQARF program that is developed in consultation with the WQARF Advisory Board. The FY 2011 report shall be submitted to the Joint Legislative Budget Committee by September 1, 2010. This budget shall specify the monies budgeted for each listed site during FY 2011. In addition, the department and the advisory board shall prepare and submit to the Joint Legislative Budget Committee, by October 2, 2010, a report in a table format summarizing the current progress on remediation of each listed site on the WQARF registry. The table shall include the stage of remediation for each site at the end of FY 2010, whether the current stage of remediation is anticipated to be completed in FY 2011, and the anticipated stage of remediation at each listed site at the end of FY 2011, assuming FY 2011 funding levels. The department and advisory board may include other relevant information about the listed sites in the table.

Pursuant to A.R.S. § 49-282, the Department of Environmental Quality shall submit a FY 2012 budget for the Water Quality Assurance Revolving Fund before September 1, 2010, for review by the Senate and House of Representatives Appropriations Committees.

All Air Permits Administration revenues received by the Department of Environmental Quality in excess of \$5,252,000 in FY 2011 are appropriated to the department. Before the expenditure of Air Permits Administration receipts in excess of \$5,252,000 in FY 2011, the Department of Environmental Quality shall report the intended use of the monies to the Joint Legislative Budget Committee. *(This footnote has been modified to require a report to the Joint Legislative Budget Committee, rather than review.)*

All Indirect Cost Recovery Fund revenues received by the Department of Environmental Quality in excess of \$10,382,700 in FY 2011 are appropriated to the department. Before the expenditure of Indirect Cost Recovery Fund receipts in excess of \$10,382,700 in FY 2011, the Department of Environmental Quality shall report the intended use of the monies to the Joint

Legislative Budget Committee. *(This footnote has been modified to require a report to the Joint Legislative Budget Committee, rather than review.)*

Deletion of Prior Year Footnotes

The Baseline would delete the footnote requiring that any transfer from the amount appropriated for the Arizona Pollutant Discharge Elimination System line item shall require prior Joint Legislative Budget Committee review.

The Baseline would delete the footnote regarding expenditures from the hazardous waste or environmental health reserves.

The Baseline would delete the footnote requiring Joint Legislative Budget Committee review of water quality permit processing times.

STATUTORY CHANGES

The Baseline would:

- As permanent law, continue to suspend the UST Revolving Fund Assurance Account administrative cap in FY 2011, as was done in FY 2010, to allow the department to utilize up to \$6,531,000 for program operating costs. This provision was previously in session law.
- As session law, continue to reduce the transfer from the Corporate Income Tax to the WQARF program to \$7,000,000.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

5% FTE Position Reduction

The Department of Environmental Quality was originally budgeted 118 General Fund FTE Positions in FY 2010. Laws 2009, 3rd Special Session, Chapter 11, Section 17 mandates a 5% General Fund FTE Position reduction by February 1, 2010. Given the mid-year implementation, this provision requires the Department of Environmental Quality to reduce an additional 2 FTE Positions in FY 2010 and 6 General Fund FTE Positions in FY 2011. This reduction is allocated to the operating budget; the agency may allocate to Special Line Items.

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Air Permits Administration Fund (EVA2328/A.R.S. § 49-455)		Appropriated
Source of Revenue: Permit fees and interest.		
Purpose of Fund: To develop and administer permit programs and to conduct inspections.		
Funds Expended	5,752,200	5,252,000
Year-End Fund Balance	3,354,200	1,580,800
Air Quality Fund (EVA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Monies received from a \$1.50 fee assessed on motor vehicle registrations; gifts, grants, and donations; and legislative appropriations.		
Purpose of Fund: To pay the costs of air quality research, experiments, education, and programs conducted by or for the department. Also to provide an annual \$400,000 transfer to the Department of Administration for state employee travel reduction programs and annual appropriations for the Department of Weights and Measures Oxygenated Fuels and Vapor Recovery programs. <i>(See individual agencies for further description.)</i>		
Funds Expended	5,016,800	4,763,800
Funds Appropriated		
Department of Weights and Measures	1,520,600	1,503,200
Arizona Department of Transportation	71,700	72,700
Arizona Department of Administration (Bus Subsidy)	597,800	765,100
Funds Transferred		
Arizona Department of Administration (Travel Reduction)	400,000	400,000
Year-End Fund Balance	2,938,900	58,800
Air Quality Fund - Clean Air Subaccount (EVA2240/A.R.S. § 49-551)		Partially-Appropriated
Source of Revenue: A fee which allowed owners of vehicles 5 years old or newer to pay in-lieu of the vehicle emissions inspections. This fee was repealed effective July 1, 2006. The FY 2009 budget transferred \$2,212,300 from the Air Quality Fund - Clean Air Sub Account to the General Fund.		
Purpose of Fund: 5% of fee revenues was used for administrative costs, with the balance distributed to various programs:		
1. 5% for the Voluntary Lawn and Garden Equipment Emissions Reduction Program;		
2. 15% for the Voluntary Vehicle Repair and Retrofit Program;		
3. 30% for the Diesel Vehicle Low Emissions Incentive Grant Program;		
4. 10% for the voluntary accelerate purchase of Tier 2 and Tier 3 non-road equipment;		
5. 15% for grants to counties with populations fewer than 400,000 for travel reduction programs;		
6. 25% for other air quality programs and measures.		
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Clean Air Fund (EVA1238/A.R.S. § 41-411)		Non-Appropriated
Source of Revenue: Prior to its elimination, the Arizona Clean Air Fund (ACAF) received revenues from: the Arizona Department of Environmental Quality (ADEQ) Vehicle Repair Grant program, fees that owners of vehicles 5 years old or newer may pay in lieu of the vehicle emission inspections fee; lottery proceeds; and gifts, grants, donations and interest.		
Purpose of Fund: To provide grants for alternative fuel vehicles and diesel vehicle conversion grants. Beginning July 1, 2003, the revenue source and activities of this fund shifted to the Air Quality Fund. <i>(See Arizona Clean Air Fund Balance for more information.)</i>		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Clean Air Fund Balance (EVA2250/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: A transfer in FY 2004 from the Arizona Clean Air Fund. The FY 2009 budget transferred \$2,876,400 from the Arizona Clean Air Fund Balance Fund to the General Fund.		
Purpose of Fund: This fund was established to separate the Clean Air in lieu fee account from the remaining balance of the Arizona Clean Air Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Brownfields Cleanup Revolving Loan Fund (EVA2456/A.R.S. § 49-218)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal grants, loan repayments, interest, penalties, gifts and donations.		
Purpose of Fund: To provide loans to eligible parties to perform non time-crucial removal of hazardous waste contamination on sites accepted into the State Voluntary Remediation Program.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Clean Water Revolving Fund (EVA2254/A.R.S. § 49-1221)		Partially-Appropriated
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: To make loans for capital improvements at wastewater treatment facilities of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to wastewater treatment plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund. The FY 2009 and FY 2010 budgets appropriated \$5,000,000 from the Clean Water Revolving Fund to the department to offset a General Fund operating reduction.		
Appropriated Funds Expended	5,482,200	5,000,000
Non-Appropriated Funds Expended	140,527,200	97,921,200
Year-End Fund Balance	41,504,700	42,395,500
Donations Fund (EVA2449/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Various donations, settlements, and consent decrees.		
Purpose of Fund: To administer the intent of the donation, settlement or decree.		
Funds Expended	11,100	8,000
Year-End Fund Balance	4,500	4,500
Drinking Water Revolving Fund (EVA2307/A.R.S. § 49-1241)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: To make loans to drinking water facilities, including forgivable principal, of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to drinking water plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund.		
Funds Expended	59,683,800	45,921,300
Year-End Fund Balance	60,897,000	66,966,000
Emissions Inspection Fund (EVA2082/A.R.S. § 49-544)		Appropriated
Source of Revenue: Legislative appropriations, test fees, fleet certificate fees, private grants, donations, and federal grants.		
Purpose of Fund: To pay for enforcement of fleet inspections, exemptions, and certificates of waiver programs; to pay Emissions Inspection program contract and administrative charges, including station auditing, contractor training and certification, and motorist assistance; to pay for the state portion of catalytic converter program costs; and to pay for research studies of the feasibility and effectiveness of new emission control technologies.		
Funds Expended	28,154,300	33,116,600
Year-End Fund Balance	877,400	856,900
Federal Funds (EVA2000/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Federal grants related to water quality management, underground storage tank enforcement provisions, air pollution control, research projects, and other programs.		
Purpose of Fund: To be used as specified by federal law.		
Funds Expended	18,615,000	17,782,300
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Federal Grants - American Recovery and Reinvestment Act (ARRA) (EVA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Source of Revenue: One-time Federal Funds to be used by the department for air and water quality programs, the Underground Storage Tank Program, and the Water Infrastructure Finance Authority.		
Funds Expended	906,800	45,137,500
Year-End Fund Balance	0	0
Greenfields Program Fund (EVA2309/A.R.S. § 49-157)		Non-Appropriated
Source of Revenue: Legislative appropriations and program fees. Initial General Fund appropriations of \$100,000 in FY 1998 and \$70,000 in FY 1999 made at the beginning of the pilot program were intended as start-up monies and will be paid back as fees are collected.		
Purpose of Fund: To remediate parcels of land that has soil contamination and return them to productive use. ADEQ will review and approve remediation plans submitted by certified remediation specialists.		
Funds Expended	0	0
Year-End Fund Balance*	700	(99,300)
Hardship Grant Fund (EVA2437/A.R.S. § 49-1267)		Non-Appropriated
Source of Revenue: Legislative appropriations and monies received from the United States government, including monies that are awarded to this state pursuant to Title II of the Clean Water Act and that are no longer obligated to the Construction Grants program.		
Purpose of Fund: Providing hardship grants to political subdivisions or Indian tribes to plan, design, acquire, construct or improve wastewater collection and treatment facilities. Providing training and technical assistance related to the operation and maintenance of wastewater systems.		
Funds Expended	23,600	0
Year-End Fund Balance	0	0
Hazardous Waste Management Fund (EVA2178/A.R.S. § 49-927)		Appropriated
Source of Revenue: Legislative appropriations, hazardous waste treatment, storage, and disposal permit fees, and hazardous waste generation and transportation fees.		
Purpose of Fund: To pay educational, permitting, planning, and enforcement costs of the Hazardous Waste Program, and to provide administration and state matching funds for federal source reduction grants. A portion of the fund is transmitted to the Emergency Response Fund for staffing and equipping local emergency management agencies. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.		
Funds Expended	163,200	740,900
Year-End Fund Balance	1,536,500	864,700
IGA & ISA Fund (EVA2500/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements between state agencies and local governments.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	3,081,000	1,356,700
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (EVA7000/A.R.S. § 49-104)		Appropriated
Source of Revenue: Monies transferred from the department's appropriated and non-appropriated funds, including federal grants.		
Purpose of Fund: To pay departmentwide administrative and overhead costs.		
Funds Expended	12,424,200	10,382,700
Year-End Fund Balance	2,832,900	715,600

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Institutional & Engineering Control Fund (EVA2563/A.R.S. § 49-159)		Non-Appropriated
Source of Revenue: Application fees for department's assessment and verification of restricted, non-residential use of contaminated land, recovered costs for repair of engineering and institutional controls, grants, donations, and legislative appropriations.		
Purpose of Fund: To pay the department's cost of enforcing the use of engineering and institutional controls in environmental remediations on contaminated properties.		
Funds Expended	16,300	10,500
Year-End Fund Balance	323,900	300,700
Intergovernmental Agreement Fund (EVA2180/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements from various public entities, including the Game and Fish Department and the Water Protection Commission.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	0	0
Year-End Fund Balance	12,900	12,900
Monitoring Assistance Fund (EVA2308/A.R.S. § 49-360)		Non-Appropriated
Source of Revenue: Fees from public water systems that participate in the Monitoring Assistance program.		
Purpose of Fund: To assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act.		
Funds Expended	452,800	685,300
Year-End Fund Balance	1,070,000	664,400
Recycling Fund (EVA2289/A.R.S. § 49-837)		Appropriated
Source of Revenue: Landfill disposal (tipping) fees and legislative appropriations.		
Purpose of Fund: For grants to local governments and others for developing recycling markets and programs; for public information and assistance on source reduction and recycling; and for revenue collection and fund administration.		
Funds Expended	2,078,500	0
Year-End Fund Balance*	153,700	(630,800)
Small Water Systems Fund (EVA2225/A.R.S. § 49-355)		Non-Appropriated
Source of Revenue: Legislative appropriations and interest.		
Purpose of Fund: To provide information and assistance to small water systems for improving compliance with drinking water system standards, and to provide emergency grants to small water systems for infrastructure repair.		
Funds Expended	0	0
Year-End Fund Balance	361,600	242,500
Solid Waste Fee Fund (EVA3110/A.R.S. § 49-881)		Appropriated
Source of Revenue: Fees, donations, and legislative appropriations.		
Purpose of Fund: To pay solid waste program costs, including tire fire cleanup expenses, special waste facility staff education, special waste management compliance monitoring, and used oil handling education and enforcement.		
Funds Expended	1,011,000	1,163,700
Year-End Fund Balance*	675,400	(93,700)
Specific Site Judgment Fund (EVA 3006/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Fines, forfeitures, and penalties paid by parties responsible for site contamination.		
Purpose of Fund: For administration of court settlements, judgments, or consent decrees.		
Funds Expended	0	0
Year-End Fund Balance	1,318,900	1,241,300

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Technical Appeals Program Fund (EVA3411/A.R.S. § 49-116)		Non-Appropriated
Source of Revenue: Legislative appropriations and dispute resolution fees		
Purpose of Fund: To pay the costs of implementing and administering a technical appeals process for specified WQARF site registry and work plan review decisions.		
Funds Expended	0	0
Year-End Fund Balance	0	0
NOTE: The Underground Storage Tank (UST) Fund is displayed first as a fund summary, then by individual account.		
Underground Storage Tank (UST Summary) (EVA2271/A.R.S. § 49-1015A)		Partially-Appropriated
Source of Revenue: See each account for specific revenue sources.		
Purpose of Fund: See each account for specific account purpose.		
Balance Forward	35,734,300	20,982,300
Revenue	29,898,800	28,882,400
Funds Available	65,633,100	49,864,700
Appropriated Funds Expended	1,300	22,000
Non-Appropriated Funds Expended	30,014,100	27,454,100
Legislative Fund Transfers	14,635,400	16,289,400
Year-End Fund Balance	20,982,300	3,871,400
UST - Area A Assurance Account (EVA2271/A.R.S. § 49-1015)		Partially-Appropriated
Source of Revenue: Area A (Maricopa County) excise tax revenues, cost recovery, and interest. The excise tax is a 1¢ per gallon tax on regulated substances, such as gasoline.		
Purpose of Fund: To provide partial coverage of corrective actions to underground storage tanks and to reimburse ADEQ if the state is required to take corrective action in Area A.		
Balance Forward	16,275,700	9,737,900
Revenue	14,508,700	13,924,600
Funds Available	30,784,400	23,662,500
Appropriated Funds Expended	0	2,000
Non-Appropriated Funds Expended	9,722,800	11,899,000
Legislative Fund Transfers	11,323,700	9,652,300
Year-End Fund Balance	9,737,900	2,109,200
UST - Cleanup Municipalities Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: A one-time transfer of \$5,000,000 of vehicle license tax revenues in FY 2001, as provided by Laws 2000, Chapter 354, and interest.		
Purpose of Fund: To partially reimburse school districts, counties, cities, towns, hospitals, and certain small businesses for costs of cleaning up leaking tanks.		
Balance Forward	2,976,100	463,100
Revenue	58,900	103,100
Funds Available	3,035,000	566,200
Funds Expended	0	0
Legislative Fund Transfers	2,571,900	472,300
Year-End Fund Balance	463,100	93,900

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
UST - Grant Account (EVA2271/A.R.S. § 49-1071)		Non-Appropriated
Source of Revenue: Interest earnings on account balance.		
Purpose of Fund: To provide grants, up to \$100,000 to UST owners/operators for the purposes of meeting tank performance standards, removing tanks for closure or replacement, or paying the portion of corrective action costs that are less than the deductible amount under the Assurance Fund. The Grant Account was divided into the Area A and Non-Maricopa Accounts by Laws 1993, Chapter 1, 6 th Special Session. The figures below depict the entire Grant Account.		
Balance Forward	537,400	518,900
Revenue	8,000	14,200
Funds Available	545,400	533,100
Funds Expended	26,500	0
Legislative Fund Transfers	0	529,100
Year-End Fund Balance	518,900	4,000
UST - Municipal Tank Closure and Corrective Action Program Account (EVA2271/A.R.S. § 49-1073)		Non-Appropriated
Source of Revenue: Legislative appropriations, gifts, grants and donations. Laws 2001, Chapter 341 transferred all unobligated funds in the UST Grant Account as of December 31, 2001 to this account. The estimated amount transferred was \$2,300,000.		
Purpose of Fund: To perform permanent closures and corrective actions on underground storage tanks in cities and towns requesting assistance. Cities and towns must have less than 15,000 people to be eligible for the program.		
Balance Forward	643,300	522,600
Revenue	10,400	25,700
Funds Available	653,700	548,300
Funds Expended	131,100	522,500
Year-End Fund Balance	522,600	25,800
UST - Non-Maricopa County Assurance Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: Non-Maricopa County excise tax revenues, cost recovery, and interest. The excise tax is a 1¢ per gallon tax on regulated substances, such as gasoline.		
Purpose of Fund: To provide partial coverage of corrective actions to underground storage tanks and to reimburse DEQ if the state is required to take corrective action in areas other than Area A.		
Balance Forward	14,257,900	8,702,800
Revenue	14,619,900	14,099,000
Funds Available	28,877,800	22,801,800
Funds Expended	19,441,200	14,349,400
Legislative Fund Transfers	733,800	7,831,400
Year-End Fund Balance	8,702,800	621,000
UST - Policy Commission Account (EVA2271/A.R.S. § 49-1092)		Partially-Appropriated
Source of Revenue: This account receives \$12,000 from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To assist the UST Policy Commission review and provide recommendations to improve the UST program.		
Balance Forward	24,900	23,600
Revenue	0	0
Funds Available	24,900	23,600
Appropriated Funds Expended	1,300	10,000
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	23,600	13,600

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
UST - Regulatory Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: Annual tank fees (\$100/tank) and interest.		
Purpose of Fund: To carry out the state regulatory program, state-initiated corrective actions, and cost recovery activities.		
Balance Forward	982,600	977,000
Revenue	692,900	715,800
Funds Available	1,675,500	1,692,800
Funds Expended	692,500	683,200
Legislative Fund Transfers	6,000	32,100
Year-End Fund Balance	977,000	977,500
UST - Technical Appeals Account (EVA2271/A.R.S. § 49-1093)		Partially-Appropriated
Source of Revenue: Fund receives an annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To assist the UST Technical Appeals panel.		
Balance Forward	36,400	36,400
Revenue	0	0
Funds Available	36,400	36,400
Appropriated Funds Expended	0	10,000
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	36,400	26,400
Used Oil Fund (EVA3500/A.R.S. § 49-818)		Appropriated
Source of Revenue: Legislative appropriations and penalties for misuse of used oil.		
Purpose of Fund: For costs associated with the collection and analysis of used oil fuel samples.		
Funds Expended	700	138,300
Year-End Fund Balance	67,600	66,900
Voluntary Lawn and Garden Equipment Emissions Reduction Fund (EVA2306/A.R.S. § 49-474)		Non-Appropriated
Source of Revenue: An annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To provide vouchers for the retirement of residential and commercial lawn mowers. Residential owners receive a \$100 voucher to be used toward the purchase of an electric mower. Commercial owners receive a \$200 voucher to be used toward the purchase of a mower that generates lower emissions.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Voluntary Remediation Fund (EVA2564/A.R.S. § 49-187)		Non-Appropriated
Source of Revenue: Legislative appropriations, program fees, cost reimbursements, gifts, grants, and donations.		
Purpose of Fund: To pay the department's oversight costs of voluntary clean-ups of contaminated properties, including application, monitoring, and enforcement activities.		
Funds Expended	228,400	206,500
Year-End Fund Balance	1,033,500	741,200
Voluntary Vehicle Repair & Retrofit Program Fund (EVA2365/A.R.S. § 49-474.03)		Non-Appropriated
Source of Revenue: Legislative appropriations, a \$10 fee on diesel vehicle registrations, gifts, grants and donations.		
Purpose of Fund: To provide monies for local programs intended to repair or retrofit vehicles that fail emissions tests.		
Funds Expended	996,100	0
Year-End Fund Balance*	379,300	(499,600)

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Water Quality Assurance Revolving Fund (WQARF) (EVA2221/A.R.S. § 49-282)		Non-Appropriated
Source of Revenue: Fees and taxes related to municipal water use, pesticides, fertilizers, hazardous waste, and groundwater withdrawal. As required by A.R.S § 49-282, \$15,000,000 is to be transferred to WQARF from the Corporate Income Tax. The \$15,000,000 is adjusted at the close of the fiscal year so that when combined with other revenues the fund receives \$18,000,000 annually. This statutory transfer was suspended in FY 2009 in favor of a transfer amount of \$13,000,000, and in FY 2010 in favor of a \$9,000,000 transfer.		
Purpose of Fund: For the operation of the WQARF Priority Site Remediation Program. Expenditures include administration, legal support, identification of responsible polluters, community involvement, and contract costs for the clean-up of sites for which no responsible party can be found. There is a transfer of up to \$800,000 to the Department of Water Resources for well inspection and data management. Although this fund is not appropriated, A.R.S. § 49-282 requires the Appropriations Committees to review the annual budget for WQARF.		
Funds Expended	11,455,400	10,957,000
Year-End Fund Balance	1,129,800	766,200
Water Quality Fee Fund (EVA4100/A.R.S. § 49-210)		Appropriated
Source of Revenue: Legislative appropriations and fees received from several water quality protection programs.		
Purpose of Fund: To pay the costs of aquifer protection permit registration, dry well registration, technical review, inspections, and issuance of aquifer protection permits.		
Funds Expended	4,086,200	5,210,200
Year-End Fund Balance	1,545,800	273,400

*As reported by the agency. Actual ending balance will not be negative.