

STATE OF COLORADO

John W. Hickenlooper, Governor
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Executive Director and Chief Medical Officer

Dedicated to protecting and improving the health and environment of the people of Colorado

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Colorado Department
of Public Health
and Environment

May 15, 2013

Dianne E. Ray, CPA
State Auditor
Colorado Office of the State Auditor
200 East 14th Avenue, 2nd Floor
Denver, CO 80203

Dear Ms. Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the *Automobile Inspection and Readjustment (AIR) Program Performance Audit* (November 2012). The attached report provides a brief explanation of the actions taken by the Department of Public Health and Environment to implement each recommendation.

If you have any questions, please do not hesitate to contact me at 303-692-2012 or by email at Christopher.Urbina@state.co.us

Sincerely,

Christopher E. Urbina, MD, MPH
Executive Director & Chief Medical Officer

AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Automobile Inspection and Readjustment Program

AUDIT NUMBER: 2169

DEPARTMENT/AGENCY/ENTITY: Department of Public Health and Environment

DATE: 5/1/13

SUMMARY INFORMATION

Recommendation Number	Agency's Response	Original Implementation Date <i>(as listed in the audit report)</i>	Implementation Status	Revised Implementation Date
1	Partially Agree	January 2015	Partially Implemented	
2	Partially Agree	January 2015	Partially Implemented	

DETAIL OF IMPLEMENTATION STATUS

Recommendation #: 1

Agency Addressed: Public Health and Environment

Recommendation Text in Audit Report:

Improve the cost-effectiveness of the Automobile Inspection and Readjustment Program by working with the Air Quality Control Commission to adopt a longer model-year exemption period, including the 7-year exemption period currently being proposed as well as additional years, as warranted.

Agency's Response: Partially Agree

Agency's Written Response in Audit Report:

The Department has proposed regulatory changes to Air Quality Control Commission (Commission) Regulation No. 11 to extend the current four-model-year exemption to 7 years, which would constitute the longest exemption period in the country. If adopted by the Commission and approved by the General Assembly and the federal Environment Protection Agency, the Department will work with the Department of Revenue to implement the new exemption period.

The Department disagrees with the conclusion that the ongoing need for the AIR Program is uncertain. The Denver Metro/North Front Range Area continues to be in violation of the federal ozone standards, and the AIR Program continues to lower ozone concentrations in the area. The AIR Program reduces 25 tons per day of ozone forming emissions. Vehicles are the largest source of ozone precursor emissions in the non-attainment area. At this time, there is no known set of strategies that Colorado could employ that would make up for the ozone reductions achieved by the AIR Program and further reduce ozone concentrations below national air quality standards. All of the factors compel the conclusion that the AIR Program continues to be a necessary and appropriate strategy.

Current Implementation Status of Recommendation: Partially Implemented

Agency's Current Comments on Implementation Status of Recommendation:

The Department proposed, and the Air Quality Control Commission adopted regulatory changes to Regulation No. 11 to extend the current four model year exemption to 7 years. This rule change was adopted by the Commission in December 2012. These modifications to the current program are scheduled to be implemented January 2015.

As part of an updated State Implementation Plan with the US Environmental Protection Agency, implementation of this recommendation will be subject to final approval by the EPA.

The Department will continue to evaluate strategies to make the emissions program more effective and convenient to the people of Colorado, without sacrificing the needed air quality benefits of the program. This ongoing evaluation includes analysis of additional model year exemptions.

Recommendation #: 2

Agency Addressed: Public Health and Environment

Original Recommendation in Audit Report:

Improve the cost-effectiveness of the Automobile Inspection and Readjustment Program by working with the Air Quality Control Commission to implement on-board diagnostic (OBD) system testing and consider the possibility of extending OBD testing further to include all model-year 1996 and newer vehicles and of basing its OBD testing on diagnostic trouble codes specifically related to a vehicle's emissions system instead of on the EPA's failure guidelines for EPA testing.

Agency's Response: Partially Agree

Agency's Written Response in Audit Report:

The Department has proposed regulatory changes to Air Quality Control Commission (Commission) Regulation No. 11 to implement OBD testing in lieu of tailpipe emission testing for the first four model years following the expiration of the proposed seven-year vehicle exemption period. If adopted by the Commission and approved by the General Assembly and the federal Environmental Protection Agency (EPA), the Department will work with the Department of Revenue to implement the OBD testing provision in accordance with EPA rules and accepted inspection and maintenance procedures.

The Department will continue to evaluate opportunities to further expand OBD testing as a possible replacement for tailpipe testing, including the possible use of code-based OBD. The Department notes, however, that there is not an EPA-approved tool to evaluate the emissions reductions from a code-based system, and that to the best of our knowledge such a system has never been employed in a regulatory context. Accordingly, the Department disagrees with any conclusion that a code-based OBD system is a currently viable strategy.

Current Implementation Status of Recommendation: Partially Implemented

Agency's Comments on Implementation Status of Recommendation:

The Department proposed, and the Air Quality Control Commission adopted regulatory changes to Regulation No. 11 to implement OBD testing in lieu of tailpipe emissions testing for the first four model years following the expiration of the seven-year vehicle exemption period.

As part of an updated State Implementation Plan with the US Environmental Protection Agency, implementation of this recommendation will be subject to final approval by the EPA.

To date, EPA has not provided a tool or the methodology to evaluate emissions reductions from a partial OBD emissions-only code-based program as proposed in this recommendation. The Department will continue to evaluate opportunities to further expand OBD testing as a possible replacement for tailpipe testing, including the possible use of code-based OBD.

These modifications to the current program are scheduled to be implemented January 2015.