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**Quarterly Report to USEPA  
October 1, 2007 – December 31, 2007**

**State Innovation Grant – Improved Environmental Results and Increased Regulatory Flexibility in Air Permitting for the Printing Sector Using EMS and ERP  
Cooperative Agreement No. PI 965809-01**

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Through this cooperative agreement the Wisconsin Department of Natural Resources (WDNR) will be piloting two alternative approaches for Wisconsin’s printing industry. For larger printing facilities, a performance-based EMS combined with a Title V permit will be developed with several pilot facilities. For the small printers, an Environmental Results Program (ERP) modeled after the work done with the industry in Massachusetts is being developed in collaboration with the Wisconsin Department of Commerce (WDCOMM). Included in this quarterly report is a summary of the progress achieved to date on milestones identified in the June 30, 2005, final project narrative and work plan. Changes to milestone dates are identified in the following table in **blue text**. Recent milestone changes are reflected in **green text**. Completed milestones are highlighted in **yellow**.

	<b>Performance-based EMS permit Milestones</b>	<b>Environmental Results Program Milestones</b>
<b>September 2005</b>	Select participating facilities Gather baseline data Establish interested parties group Establish multi-media team	Develop performance indicators Identify universe of sources Gather data on administrative effort for current compliance or permit activities
<b>December 2005</b>	Provide training on EMS to WDNR staff Provide training for interested parties group and facilities on roles and responsibilities	Develop workbook and inspection checklists Database development Develop statistical methodology
<b>March 2006</b>	For participating facilities establish environmental goals and measures	Conduct inspector training
<b>June 2006</b>	Evaluate and revise QAPP and work plan ( <i>May 2008</i> ) Establish compliance methodology	Evaluate and revise QAPP and work plan ( <i>May 2008</i> ) Perform baseline inspections
<b>September 2006</b>	Obtain data on satisfaction with new public participation process ( <i>Spring 2008</i> ) Initiate development of draft permits Identify multimedia impacts	Workbook and checklist to printer Analyze data and develop targeted materials for training based on inspections
<b>December 2006</b>	Complete draft performance Based Permit Issue performance-based permits ( <i>Spring 2008</i> )	Prepare and provide technical assistance workshops
<b>January 2007</b>	Evaluate the permit review process ( <i>December 2007</i> )	Facilities conduct inspections and submit self-certification Conduct State-to-state ERP Collaboration ( <i>May 2008</i> )

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April 2007	Collect first round of data for pilot and control facilities and complete an initial evaluation of the EMS permit approach (May 2009)	Evaluate self-certifications and implement targeted follow-up activities including response to RTC plans (December 2007 through February 2008)
July 2007		Perform post-certification inspections (November 2007 through March 2008)
October 2007		Prepare evaluation that compares data from post-inspections to pre-inspections and self-certifications concerning performance goals – make revisions to targeted issues and other materials as needed (March 2008 through July 2008)

**Performance-Based Environmental Management System Permit**

Arandell Corporation continues to work on implementing their EMS and working toward Tier II. The performance-based permit for Arandell Corporation is expected to be similar to the permit developed for Serigraph Incorporated. Completing a draft permit for Arandell Corporation will resume as they get closer to implementing their EMS and submitting a Tier II Letter of Intent.

Serigraph Incorporated submitted a draft Tier II letter of intent which was shared with EPA. In response to the numerous comments received a revised Tier II letter of intent is being prepared. Whether the source is major or minor is unresolved at this time which has implications for permit preparation. We will continue to work with EPA to resolve this question.

Participants - Completed. Initial participants included four Wisconsin printers; Moore Wallace Response Marketing Services - an R.R. Donnelly Company, Serigraph Incorporated, Bemis Company Incorporated and Arandell Corporation. Currently, only Serigraph Incorporated and Arandell Corporation have pursued Green Tier. Currently, only Serigraph Incorporated and Arandell Corporation have pursued Green Tier. R.R. Donnelly and Bemis Company Incorporated are not working on EMS's or entrance into Green Tier at this time.

Baseline Data – Several more conference calls were held with Ross & Associates, and EPA, to create a comprehensive data collection plan. We anticipate beginning to collect baseline data in January or February 2008.

Interested Parties Group - No new progress. Discussions with CERES concerning their Facility Reporting Project have been put on hold for the time being. Facilities prefer to publish the availability of their EMS for public view in local media outlets. No further work in this area is planned at this time.

Multimedia Team - A Single Point of Contact (SPOC) for multimedia regulatory responsibilities has been designated for Arandell Corporation and for Serigraph Incorporated. Serigraph Incorporated requested multimedia requirements in its performance-based permit, but, as discussed earlier difficulties have been encountered. There are still plans to include a storm water non-contact declaration in the permit. We will continue to work with waste water and spills protection to see if it is possible to keep the wastewater discharge thresholds in the permit preamble and to have the SPCC be part of the facility's EMS.

Staff EMS Training - Kristin Hart, EMS Permit Principal Investigator, successfully completed a 36-hour EMS Lead Auditor training course in August 2005.

Roles and Responsibilities Training – At this time, the facilities have declined to form interested parties groups. Facilities prefer to publish the availability of their EMS for public view in local media outlets. Once Serigraph's Tier II letter of intent is finalized and noticed, there will be opportunity for interested

parties to request involvement in the contract negotiations. The need for *Roles and Responsibilities Training* will be reevaluated prior to beginning contract negotiations under Green Tier.

Establish Environmental Goals and Measures - Ongoing. Serigraph Incorporated and Arandell Corporation included environmental goals and measures in their applications for Green Tier I. Draft performance-based permits will include performance goals and measures. Serigraph Incorporated submitted a draft Tier II Letter of Intent with more detailed information on desired performance goals. Ross & Associates is expected to be complete their measures report by February 2008.

Evaluate and Revise QAPP and Work Plan - Delayed. QAPP and work plan will be revised after common measures activity is completed.

Establish Compliance Methodology - Ongoing. Draft permit compliance language completed and discussed within the Air Management Program and EPA Region 5. One area of flexibility involves moving from daily to monthly recordkeeping. EPA noted that this will need to be included in a variance requests and SIP revisions to make the performance based permit federally enforceable. A second flexibility requested is the replacement of a specific list of emission units in the permit with a requirement that Serigraph Incorporated maintain an inventory of their emission units.

Serigraph Incorporated would also like the ability to use a formula-based approach to calculating emissions which is already allowed by EPA. This method will be used for demonstrating compliance with the emission caps and need not be included the variance request.

### ***Environmental Results Program***

Performance Indicators - Completed. Environmental Business Practice Indicators (EBPI) developed by working group.

Identify Universe of Sources - Completed. Universe of printing facilities to target has been determined. 3,000 facilities have been identified. We are ready to determine the target number of facilities to be surveyed to establish the baseline compliance level. *October 2007 update* – due to the number of drop outs during the baseline inspections and the number of returned items from other mailings, the universe has shrunk to 2080 facilities.

Gather Data on Permit and Compliance Administrative Effort - In progress. Some data was collected early on, but it has not been analyzed yet. Additional data from the baseline facility evaluations and self-certifications is also available with plans to begin an evaluation in January 2008.

Develop Workbook and Checklist - Complete.

Develop Database and Statistical Methodology - Ongoing. The database has been refined sufficiently to allow inspectors to conduct the baseline evaluations. A proposed statistical methodology was submitted to EPA Region 5 in March 2007. *October 2007 update* - no comments were received from EPA so we have moved forward under the methodology developed with the assistance of EPA's contractor for assistance on statistical analysis, Mike Crow.

Conduct Inspector Training - Completed. No formal lecture style training was conducted. Multiple sessions were held with WDNR program experts to walk through the baseline evaluation questions and discuss likely scenarios of what violations might be uncovered. The inspectors decided it would be important to include WDNR program experts on some of the trial inspections to improve their understanding program requirements.

Prior to initiating the post-certification round of inspections a conference call was held with inspectors. This approach was deemed appropriate since the majority of inspectors involved conducted baseline inspections.

Evaluate and Revise QAPP and Work Plan - Delayed. Statistical Methodology was under review early in this quarter. No one was available to conduct QAPP update as other elements of program took up all the time. *October 2007 update* – further discussion with EPA is desirable before a revision to the QAPP commences.

Perform Baseline Inspections - Completed on June 2007. Baseline evaluations started slowly during March 2007 following the training sessions with program experts. It was determined at the end of May 2007 that inspectors would be unable to reach more than the initial 250 contacted in the hopes of completing 190 inspections. Because many of the facilities turned out to be something other than a printing operation, in the end less than 100 valid inspections were completed. There were a few facilities that declined to have an inspection conducted. We have 28 facilities from our list that remain unknowns and are waiting for a final data submittal from one of the inspectors. We have a drop out rate of 75%, With just 55 baseline evaluations completed out of 222 attempted.

Analyze Data and Revise Workbook and Checklist - Omitted. We did not have time to wait for baseline evaluations to be completed. It was necessary to have the printing of the workbook move forward in order to have workshops in July 2007, have facilities perform self-certifications and conduct the second round of facility evaluations before the end of the year. *October 2007 update* - the workbook printing had to move forward before baseline inspections were completed. Printing a large job (750 workbooks with 218 pages) generally takes at least 4-6 weeks. The ERP Printers Workbook took 8 weeks because of bid changes and format issues. Our goal was to have the workbooks available when the training workshops were conducted in July. If training could not be conducted in July, we would have had to wait until November given that the printing industry holds major conferences in September and October. Our industry partners, who helped provide the training materials, would be involved in their respective national conferences and encouraged that the training be completed in advance of September and our interest was to avoid a 4-5 month delay between the baseline evaluations and the workbook training.

Prepare and provide technical assistance workshops - Completed. Two training workshops were held at technical colleges in the state often used by the printing association for training. Attendance was low, less than a dozen at each location. But that was to be expected given both the timing, just after July 4<sup>th</sup>, and the delay in the mailing announcing the sessions. A web cast was also conducted and after it was completed, the link was added to the ERP website for other users. The web cast condensed the 3 hour training session to less than 90 minutes. Through early November 2007, there were over 100 hits on that training web cast link.

Facilities conduct inspections and submit self-certification - Completed. Along with paper forms, we developed an online self-certification form. The majority of self-certification forms were received by September 21, 2007. Additional forms have been received and a few more are expected by mid-November. Almost 100 self-certifications were received by the end of October and of those, 35 were submitted online. The final tally was 88 completed self-certifications. Some online forms were started but never completed and others only submitted a signature page without a completed self-certification.

Conduct State-to-state ERP Collaboration - We have put together a small group of EPA Region 5 and state SIG recipients to discuss topics and a focus for a State-to-State ERP and EMS meeting to be held in early May 2008. While EMS has not traditionally been a topic at these meetings, we do have a large number of states doing EMS projects in Region 5.

Evaluate self-certifications and implement targeted follow-up activities including response to Return-to-Compliance Plans (RTCP) – Ongoing. A list has been developed for targeted inspections. There are few RTCP with long term corrective actions however the majority were resolved by submitting the necessary forms or making immediate corrections.

Prepare evaluation – Ongoing. Some analysis has been conducted on the baseline inspections and the self-certification results, but the full analysis will not begin until the second round of inspections are nearly complete.