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TERESA J. HILL
SECRETARY

January 26, 2007

Ms. Betty Winter
US EPA Region IV
Grants Management Office
61 Forsyth Street
Atlanta, Georgia 30303-8960

Dear Ms. Winter:

Please find enclosed the Kentucky Division of Compliance Assistance's second quarterly report (October 1 – December 31, 2006) for the State Innovations Grant. This grant has a project period of June 15, 2006 – July 1, 2009.

Should you have any questions or need additional information, please feel free to contact me at 502-564-2225, extension 652.

Sincerely,

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Julia A. Kays
Internal Policy Analyst III

General Overview

The Kentucky Department for Environmental Protections' Division of Compliance Assistance (DCA) was awarded a State Innovations Grant to support the newly formed voluntary environmental leadership program, KY EXCEL. This program offers unique opportunities for public, private and corporate sectors to improve Kentucky's environment. The mission is to promote, reward and encourage superior environmental performance throughout the Commonwealth of Kentucky. The goal of the program is to impact the quality of life for Kentuckians by encouraging continual improvement in environmental performance through commitment, partnerships, systemic management and thoughtful growth.

The program has four membership levels in which applicants are placed. The first level is advocate. Advocate members are required to commit to one voluntary project each year and prepare an annual report.

The second membership level is partner. Partner members are required to commit to one voluntary project each year; develop an environmental management plan; conduct a self-assessment; and prepare an annual report.

Leader is the third level of membership. This level requires that each member commit to three voluntary projects each year; implement and environmental management plan; conduct a self-assessment; and prepare an annual report.

The final membership level is master. The master level contains the most elite group. These members are required to commit to four voluntary projects each year; demonstrate past environmental achievement; implement an environmental management plan; conduct a third-party assessment; participate in at least one outreach or educational activity; agree to mentor another member; and to prepare an annual report.

Membership and Project Summary

During the second quarter of the project period, program staff participated in one (1) KY EXCEL public awareness event reaching an estimated audience of 250 persons. Program staff was able to conduct outreach to an additional 475 people through referrals, follow-up conversations and email correspondence. As of December 31, 2006, KY EXCEL had 56 approved members.

Current membership per level is as follows: 30 advocate members; 4 partner members; 6 leader members; and 16 master members. Collectively, these members have submitted one hundred fifty-seven (157) projects. DCA categorizes each project by focus. Currently, there are six (6) focus groups.

1. Waste Reduction
2. Energy Efficiency
3. Public Health
4. Education
5. Performance Improvement
6. Restoration

As the number of projects increase, it has become clear that projects could be fall under multiple categories. DCA is currently working with department staff to enhance our tracking database

(TEMPO) so that projects may be listed under multiple categories however a primary category will be designated.

Below you will find examples of just a few of the projects submitted during October through December 2006:

- ı Conduct over 220 hours of continuing education for water and wastewater operators through classes offered across the Commonwealth,
- ı Develop a visitor information packet of rules and requirements for environmental management, safety and quality, and
- ı Reduce hazardous waste by 3 percent

Summary of Activities

The Division of Compliance Assistance was responsible for organizing the 30th Annual Governor's Conference on the Environment. There were more than 300 individuals in attendance, which made this year's conference the largest audience in many years. Attendees included representatives from environmental firms, nonprofit organizations, professional associations, universities and schools, the Kentucky Legislature, city governments and state agencies.

The first day of the conference started with a KY EXCEL members-only meeting. More than 100 individuals participated, representing 42 of the program's 56 KY EXCEL members. During this meeting, members were able to network, share project ideas and discuss the many reasons for joining the program. Department for Environmental Protection senior management also participated in an open forum with KY EXCEL members. This meeting provided a casual environment for discussing key issues and upcoming program priorities.

Following the KY EXCEL meeting, the Governor's Conference kicked off with a reception and awards dinner that allowed the agency to personally thank the members for their environmental commitments. KY EXCEL members received a standing ovation as each one received an award commending them for their voluntary efforts.

The second day of the conference offered a diverse group of sessions covering topics ranging from agency priorities, environmental topics, and tools to improve performance and opportunities for leadership. Many of the KY EXCEL members participated in these sessions, and each did a fantastic job. In addition to the concurrent sessions, there was a conference exhibit area which included 32 exhibitors. Booths staffed by consultants, nonprofit organizations, local governments and state agencies showcased a variety of environmental topics. Many of these exhibitors were KY EXCEL members that were able to share their KY EXCEL projects and experiences with conference attendees.

KY EXCEL staff continues to identify sector specific/regional partnership opportunities and provide administrative and technical support to candidates. We continue to monitor the usefulness of our website and will update as necessary. During the second quarter, there were 4,104 hits on the KY EXCEL website.

Project Schedule

<i>Start-up and Implementation Milestones</i>	<i>Start</i>	<i>Target Completion</i>	<i>Target Date Met</i>	<i>Explanation</i>
Design KY EXCEL program structure & educate DEP staff	5/05	1/06	YES	
Publish promotional materials	10/05	3/06	YES	
Plan and hold regional training events	11/05	5/06	YES	
Identify sector specific/regional partnership opportunities	11/05	6/06	YES	
Registration for Program Candidates	1/06	on-going	YES	
Provide support to candidates (complete entry requirements)	1/06	on-going	YES	
Announcements of Inaugural Membership	1/06	12/06	YES	
Develop KY EXCEL website and on-line application	3/06	6/06	YES	
Develop KY EXCEL on-line documents library	3/06	on-going	NO	We have not been able to develop the on-line documents library for other states to use. We hope to make some progress on this during the next quarter.
KY EXCEL alignment with NPT MOA option	3/06 3/06	9/06 10/07	YES	
Plan and Deliver KY EXCEL Networking event(s)	3/06	11/06	YES	
Plan incentives update based on member input	3/06	on-going	YES	
Review Initial Program for Improvement opportunities	6/06	12/06	YES	
Add budgeted personnel to KY EXCEL staff	7/06	9/06	YES	
Pre-work and Completion of First Annual Report	3/07	8/07		
Review Reporting for Improvement Opportunities	4/07	10/07		
Plan and Deliver Program Networking event(s)	5/07	10/07		
Plan incentives update based on member input	6/06	on-going		
Review Program for Improvement Opportunities	6/07	10/07		
Document KY EXCEL Development Process for Reapplication	9/07	2/08		
Pre-work and completion of Second Annual Report	3/08	8/08		
Develop SOP's for annual renewal activities & execute	3/08	10/08		
Pre-work and completion of Third Annual Report	10/08	2/09		
Summarize results and issue final report to SIG	1/09	2/09		

Budget Summary

Financial Information removed by EPA as confidential business information.

Closing Remarks

During the next quarter, DCA will continue to market the program, start the pre-work for the first annual report, provide support to potential and active members; and make progress on the KY EXCEL on-line documents library.

Should you have any questions regarding this quarterly report, please contact Julia Kays at 502-564-2225, extension 652.