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INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
We make Indiana a cleaner, healthier place to live.

Mitchell E. Daniels, Jr.
Governor

Thomas W. Easterly
Commissioner

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Ms. Jodi Swanson-Wilson
EPA Project Officer
77 West Jackson Boulevard E-13J
US EPA, Region 5
Chicago, IL 60604-3507

September 3, 2008
Via E-Mail

Dear Ms. Swanson:

Re: 2006 State Innovations Grant Program

Attached is the Indiana Department of Environmental Management's State Innovations Grant Program progress report for the Environmental Stewardship Program (ESP) as stipulated in our agreement. This quarterly progress report contains a summary of activities for the fifth three months of the three-year grant (fifth quarterly report).

If you have further questions about the information provided, please contact me at (317) 233-5554.

Sincerely,

Stacey Martindale
ESP Program Manager
Office of Pollution Prevention & Technical Assistance

Attachment: Grant Track form

CC: Fred Saylor
Jennifer Schick
Michael Mendyk
Laura Seifert

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Grant Track System

General Information

Grant Name	State Innovation Grant – Environmental Stewardship Program
Cooperative Agreement No.	PI-00E00101-0
Year Awarded	2006
Number of Amendments	0
Grant Type	66.611 Environmental Policy and Innovation Grants
Region	5

Summary Description

To develop and implement a voluntary program designed to encourage positive environmental actions that potentially will include reduced air, land, and water emissions and discharges by Indiana businesses and industry. The goal of the Environmental Stewardship Program (ESP) program is to encourage beyond compliance activities to decrease industry’s negative impact on the environment. This program will create new partnerships between the State, local industry, and business, and will require implementation of an Environmental Management System (EMS) to promote beyond compliance environmental initiatives.

Under this Cooperative Agreement, IDEM will develop and implement ESP. Upon acceptance to ESP, each facility will begin to implement one of three pre-determined environmental improvement initiatives as defined in their application. IDEM will publicly recognize those facilities that are accepted into ESP. In addition, IDEM will track the environmental benefits achieved by participating municipalities and provide regulatory incentives where practicable.

Contact Information

State Project Contact

EPA Project Officer

Name	Stacey Martindale	Name	Jodi Swanson-Wilson
State	Indiana	Region	5
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EPA Grant Specialist

EPA Grant Specialist Name	Karen Sykes
EPA Grant Specialist Phone	(312) 886-7571

Project Status Information

Date Awarded	August 15, 2006
Original Planned Completion Date	August 14, 2009
Scheduled Planned Completion Date	August 14, 2009
Project Actual Completion Date	To be determined
Last Progress Report Received on	September 14, 2007
Progress Report through	November 15, 2007
Project Status	Ongoing

Project Funding

Original Grant Budget Request	\$ 225,000
Matching Funds	\$ 306,426
Original Grant Amount	\$ 225,000
Total Grant Funding	\$ 225,000

Target Dates and Milestones

IDEM continues to make progress and achieve the milestones identified in the 2006 State Innovations Grant Program project narrative.

Summer/Fall 2006

Milestone: *Promotion: Web site complete; application developed; brochures and booth drafted; press event held to announce program; contractor RFP issued; requests for quote issued and contract drafts begun for EMS website/software; innovations grant received.*

Status: COMPLETE – see previous quarterly report for details

Summer/Fall 2006

Milestone: *Implementation: Responding to requests for assistance; amount and type of assistance provided; providing on-site assistance to facilities, offering EMS training programs to facilities; accepting applications to join the program; brochures printed and distributed; booth available for use; advertising the program at various conferences and workshops; EMS/P2OA Assistance contractor selected; EMS website/software contract selected and contract signed. Conduct site visits at applicants with approved EMS's and conduct site visit and EMS assessment at other applicants.*

Status: ON-GOING

IDEM continues to respond to phone call and email inquiries requesting assistance with the program application and identifying pollution prevention opportunities. Inquiries concerned ESP program requirements, regulatory incentives, and application procedures.

IDEM posted the Request for Proposal for the onsite EMS development contract and responded to questions from potential contractors. IDEM will receive responses during the sixth quarter.

Winter 2007 – Summer 2009

Milestone: *Implementation and Modifications: Reviewing applications and announcing facilities meeting the program requirements; continue assisting potential applicants and promoting the program; speaking at meetings, workshops, and conferences to promote the program; begin offering incentives to successful applicants and tracking outcomes; modify the program as necessary; continue identifying potential incentives; quantify success stories through monetary and environmental benefits; continue working with EPA NCEI to identify and implement additional incentives to state and federal environmental leadership programs.*

Status: ON-GOING

During the fifth quarter, IDEM received ten new program applications. IDEM began the internal review process during this quarter, which will be completed during the sixth quarter. During the internal review period, compliance checks will be completed, environmental initiatives will be verified with each facility, and site visits will be conducted at all ten applicants. The ESP Program Manager will coordinate dual ESP/NEPT applications with EPA, including combining site visits. Site visit and report summaries will be provided to the IDEM Commissioner to review and make membership determinations during the sixth quarter.

ESP was implemented in August 2006 and currently has 24 members. During the fifth quarter, an IDEM assistant commissioner conducted one ESP recognition ceremony and State of Indiana Governor Mitch Daniels presented three facilities with their ESP plaque. IDEM issued four press releases to the media. At the request of two members, IDEM mailed ESP plaques and flags since a recognition ceremony was not desired.

The rules affording ESP members with regulatory incentives became effective during the fourth quarter. The regulatory incentives requested by members of the fall 2006 round (charter round) are all implemented by IDEM. The incentives requested by the spring 2007 ESP members are currently awaiting approval from other IDEM program offices.

IDEM was contacted by the Iowa Department of Natural Resources for assistance and guidance on developing a state performance-based recognition program. An IDEM staff person has met with Iowa staff during the fifth quarter to provide insight on performance-based program development and implementation.

IDEM continues to work with EPA Region 5 and Headquarters to sign a Memorandum of Agreement for implementation of federal regulatory incentives for program members.

Summer/Fall 2009

Milestone: *Implementation and Documentation: Continue program as described above; measure results and outcomes of program and begin development of final report; begin consideration of future of program. Complete and submit final report to EPA; Innovations Grant completed; determine future of program including funding and office responsible for management.*

Status: NOT YET IN TIMEFRAME

Project Timetable

In addition to the on-going milestones, the project timetable and activities to be completed during the next quarter are listed below:

- Determine eligibility of applicants to the third application round of ESP using their application, compliance check, review of their EMS materials, and site visit. Coordinate with U.S. EPA.
- Assist members of program with incentives including modifications to permits to allow them to benefit from incentives.
- Speak at meetings, conferences, and workshops promoting the program.
- Continue to pursue a contractor for on-site EMS development assistance.
- Provide EMS assistance to facilities wishing to pursue ESP membership.
- Submit quarterly report to EPA on various measures.

The project timetable and activities to be completed throughout the remaining life of the grant are listed in the following table:

Winter 2008 / On-going	Collect annual surveys and compare to baselines. Coordinate with NEPT.
Winter 2008	Submit quarterly report to EPA on various measures.
On-going	Continue working with IDEM program offices to limit barriers to pollution prevention opportunities to members of the program and identify or expand regulatory flexibility incentives.
Annually	In cooperation with NEPT, modify state program where needed.
Spring 2008	Submit quarterly report to EPA on various measures.
Summer 2008	Submit quarterly report to EPA on various measures.
Fall 2008	Submit quarterly report to EPA on various measures.
Winter 2009	Submit quarterly report to EPA on various measures.
Spring 2009	Submit quarterly report to EPA on various measures.
Summer 2009	Submit quarterly report to EPA on various measures.
Summer/Fall	Provide final report to EPA on the effectiveness of focusing on high priority entities and

2009	on what was found and accomplished related to promoting the use of EMSs and removing barriers to pollution prevention.
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Project Funding

The project funding report can be found in the attached Federal Financial Report. The Federal Financial Report provides the project expenses year to date. According to the report, IDEM has incurred \$80,845.12 through the month of November 2007. Further, the report shows that IDEM has approximately \$449,704.38 grant funding remaining (approximately \$259,299.54 state and \$190,404.83 federal), which is sufficient to perform the expected program duties throughout the life of the grant. IDEM anticipates fully utilizing the entire grant award for ESP implementation and delivering technical assistance regarding environmental management systems to Indiana regulated entities.