

US EPA ARCHIVE DOCUMENT

Project Title: **Arizona Environmental Performance Track**
Location: State of Arizona

Applicants: Arizona Department of Environmental Quality (lead)
Maricopa County Air Quality Department
Pinal County Air Quality Department
Pima County Department of Environmental Quality

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This project is not being executed in cooperation with or funded by another Federal program.

There is no foreseen need for regulatory flexibility from the Federal government to implement the project.

The Director of the Arizona Department of Environmental Quality, Stephen A. Owens, endorses this project.

Stephen A. Owens, Director

BACKGROUND

On March 21, 2005, the Arizona Department of Environmental Quality (ADEQ) announced the launching of Arizona Environmental Performance Track. This program, largely based upon EPA's Environmental Performance Track program, is the result of 18 months of collaboration between ADEQ, Maricopa County Air Quality Department, Pinal County Air Quality Control District, Pima County Department of Environmental Quality, members of the regulated community through the Arizona Environmental Strategic Alliance, and EPA. Arizona Environmental Performance Track is a voluntary partnership program recognizing and rewarding private and public facilities that demonstrate strong environmental performance beyond current requirements. Membership benefits are available from all ADEQ media programs, and from Maricopa, Pinal, and Pima Counties' EPA-approved Title V air quality programs.

To make sure that the program was designed to attract members demonstrating a real commitment to improving our environment, ADEQ sought input from members of the regulated community that were not only likely to qualify for the program, but also likely to apply for membership. It was, and continues to be, our belief that the development of true incentives is the only real means of promoting membership; and that only the regulated community can identify a true incentive. ADEQ hopes to expand its current process of developing incentives by relying heavily on both potential and existing members – all to entice additional members who will make the same commitment of going above and beyond compliance.

GOALS

ADEQ, as the lead agency, and in conjunction with the Maricopa, Pima, and Pinal County air departments hopes to accomplish the following over the next three years in the ongoing development of Arizona Environmental Performance Track:

Website: ADEQ will devote a portion of its website to Arizona Environmental Performance Track. The website will serve as a means to: 1) provide detailed information about the program; 2) accept applications via the web (similar to EPA); 3) publicly recognize members (a benefit of membership); 3) provide A quantified list of members' continuous improvement projects; and 4) promote the environmental preferable purchasing requirement unique to Arizona's program (see below).

<u>Outcome:</u>	Arizona Performance Track Website with Web-based Application
<u>Estimated Time for Completion:</u>	Post Detailed Information about Program - 3 months
	Post List of Members – 3 months
	Post List of Improvement Projects – 12 months
	Accept Applications via the Web – 18 months

Promotion of Environmental Preferable Purchasing: Under the environmental preferable purchasing requirement, which is unique to Arizona's version of performance track, members must make a demonstrable commitment to using products or services that have a lesser or reduced detrimental effect on human health and the environment when compared with competing products or services that serve the same purpose. As this commitment is being met, ADEQ will

post on its website how each member has fulfilled the member’s obligations, and the products or services members have found to meet this requirement. This will result in a list of products and services available to anyone interested in environmentally friendly products or services along with the appropriate information provided by the member regarding the product or service.

Under this requirement, a member must also commit to the development of a preferred vendor program for other Arizona Environmental Performance Track members. To qualify, a preferred vendor program must result in the use of products or services of other Arizona Environmental Performance Track members. The purpose of this requirement is to promote membership by creating an additional incentive not offered by the agencies. ADEQ will post on its website a description of each member’s preferred vendor program. We will also survey performance track members during the annual meetings (see below) to determine whether any of their vendors have taken advantage of this opportunity.

Outcome: Identification of Environmentally Preferred Services and Products on Website
Estimated Time for Completion: Post Preferable Purchasing Projects on Web – 9 months
 Post Vendor Preferences on Web – 6 months

Database: ADEQ plans to develop a comprehensive database to track applications, commitments, and incentives. This database will be part of ADEQ’s enterprise system currently used by all media programs in the agency. It will also be made available to the other participating departments. By using ADEQ’s existing system, we will be able to provide each potentially affected media program with notice of membership and the incentives granted to each media program, thus ensuring that the incentives granted for membership are honored. The system will further track a member’s actual continuous improvements, allowing ADEQ to quantify and report the environmental benefits of an individual facility’s contribution to the program, and the benefits of the program as a whole.

Outcome: Database that Tracks Applications, Membership, and Quantifies Benefits to Environment
Estimated Time for Completion: Development of Application/Membership/Benefit Tracking Data System – 12 months
 Integration with ADEQ Enterprise System – 18 months

Adoption of Federal Performance Track Incentives: ADEQ has already formally proposed hazardous waste rulemaking to incorporate the new rules allowing extended hazardous waste accumulation times. In the next year, ADEQ will also be proposing rules to incorporate by reference the applicable federal air quality rules associated with federal performance track.

Outcome: Adoption of Federal Performance Track Rules
Estimated Time for Completion: Hazardous Waste Accumulation Time Rule – 12 months
 Air Quality MACT Rule – 24 months

Self-Inspection Incentive: Arizona Environmental Performance Track, like the federal version, provides a “low priority for routine inspections” as an incentive. Unlike the federal program, though, the Arizona program requires members to self-inspect between agency inspections using

a checklist developed by the applicable regulating body. ADEQ will be working with the participating county departments to develop facility-wide, site-specific, multi-media checklists for members to use in meeting this obligation. We will also randomly audit several self-inspections each year to measure the effectiveness of this incentive. If through the auditing process, ADEQ and the counties find the self-inspections to be both effective and protective of our regulatory responsibilities, the incentive will be changed to replace agency inspections completely with self-inspections and random audits. ADEQ would then work with EPA to make sure that these self-inspections would count toward inspection quotas. This would allow agencies to spend more of our limited inspection resources on those non-performance track facilities which need our attention.

Outcome: Self-Inspection Incentive

Estimated Time for Completion: Development of Self-Inspection Checklists – 6 months
Random Audits – Annually
Evaluation of Self-Inspection Effectiveness – 24 months
Adopt Self-Inspect Incentive (if appropriate) – 30 months
Modify EPA Workplans (if necessary) – 36 months

Further Development of Existing Incentives: Two incentives currently provided by Arizona Environmental Performance Track are flexibility in permitting and reduction in reporting requirements. Because we could not identify specific examples of these benefits during the development process, they are to be requested and considered on a case-by-case basis. As these incentives are requested, reviewed and approved, they will be posted on ADEQ's web-site as approved examples. We believe that as these examples are made public and hopefully noted by other comparable facilities, they will also be compelled to make the necessary commitments to performance track in an effort to achieve the same benefit.

Outcome: Posting of Permit Flexibility and Reporting Reduction Examples on Web

Estimate Time for Completion: 6 Months

Development of Future Incentives: Arizona Environmental Performance Track offers meetings with department executives, and the development of future incentives as benefits of membership. ADEQ and the air permitting departments will be hosting annual (at a minimum) meetings with members of performance track to discuss future incentives designed to benefit existing members and to promote additional membership. In anticipation of these meetings, ADEQ will prepare and distribute a survey regarding issues and concerns associated with program, focusing on the solicitation of improvements and future incentives. Results of the survey will be discussed during the annual meetings.

Up to this point, ADEQ has focused on incentives which do not require statutory or rule changes in order to expedite implementation of the program. The development of future incentives would not include such a limitation, and would thus likely include identifying and overcoming regulatory or other barriers which could inhibit the development of a particular incentive. For example, during development of the program, the regulated community proposed accelerating permit application review as a potential incentive. We did not include this incentive in the current program due to a potential conflict with Arizona law regarding permit review

timeframes. This incentive and others will be further explored as the program matures. ADEQ hopes to develop at least one additional incentive each year in the first three years of the program.

Outcome: Annual Meetings, Development/Distribution of Survey, Additional Incentives.
Estimated Time for Completion: 12 months

LEVERAGE FUNDING

ADEQ, Maricopa, Pinal, and Pima County have already spent significant time and effort in the development of Arizona Environmental Performance Track. This will continue regardless of EPA's grant decision. Over the past 18 months we have developed a comprehensive program now ready for implementation – all at a cost borne entirely by us. Still yet to be done, but likely to be accomplished prior to disbursement of the grant, is the development of a membership application, the drafting of a Memorandum of Understanding or Memorandum of Agreement among ADEQ, the air permitting counties and EPA to describe the various roles and responsibilities under the program, and most importantly the receipt and review of applications. ADEQ anticipates the need for at least one full time employee to oversee and coordinate implementation of the program. This FTE does not include the countless hours other program managers and staff will devote to reviewing compliance histories, evaluating Environmental Management Systems, honoring membership benefits, and conducting audits. ADEQ and the counties intend to absorb most of these new obligations due to our belief that Arizona Environmental Performance Track will greatly benefit our efforts to protect human health and the environment. It is our hope that EPA, through this grant, will join us in making this program a success.

[Budget Information Removed by EPA]