

EPA Grant EI-96988501-0 – 10/01/2006 to 09/30/2009
Project Title: Environmental Policy and State Innovation Grants –
Arizona Environmental Performance Track
QUARTERLY REPORT for April 1, 2007 – June 30, 2007

a. Section 1 - Summary of Activities

This section will provide a short summary of the grant activities that have taken place during the reporting period.

EMS templates are completed and include four modules. Staff is awaiting assignment of a publication number to post to our ADEQ website. ADEQ has hired Ian Bingham as the fulltime AZ Performance Track program administrator. On April 3, 2007, ADEQ co-hosted our first major business seminar to promote Performance Track membership and the use of an EMS and announced that ADEQ was close to completing an EMS template that would be posted for public use. Over 100 individuals attended the conference representing 48 organizations. In addition, 26 attendees asked to be contacted to discuss Performance Track membership.

b. Section 2 - Accomplishments/Problems

This section will discuss the performance to date, including the major milestones that have been met. This section will also discuss any problems that have occurred or are expected and what steps are planned to resolve those problems.

Accomplishments:

During the last quarter, ADEQ finalized the MOA and we are awaiting approval by EPA. We hired Ian Bingham as our fulltime AZ Performance Track Administrator; all four modules of our AZ EMS template are now completed.

With the assistance of the Arizona Environmental Strategic Alliance, ADEQ held a follow-up meeting for those organizations expressing an immediate interest in pursuing Performance Track recognition; ADEQ is exploring the feasibility of modifying the Pollution Prevention (P2) program statutes to allow the annual reports submitted by Performance Track members to satisfy the annual P2 reporting requirement.

Luke Air Force Base (LAFB) submitted a Performance Track Application.

The City of Scottsdale, a current Performance Track member, and LAFB have agreed to mentor several cities and county departments that have expressed an interest in becoming PTrack members. ADEQ is setting up a kickoff meeting, to be held August 23, 2007, with city and county departments wanting to become Ptrack members. ADEQ's P2 program staff has agreed to assist those interested city and county departments in developing their individual EMSs through a series of quarterly workshops.

ADEQ continues participate in EPA monthly State Conference Calls and continues to work with EPA to review new member applications, annual reports and renewal applications.

Problems:

As each city or county department begins the process for becoming PTrack members, they will eventually finds themselves in need of some financial assistance to continue the process. ADEQ would like to be able to direct them to grants or other funding opportunities that may be able to offset some of the financial burdens.

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c. Section 3 - Schedules

This section will compare the completed milestones against the agreed upon project schedule and provide an explanation of any discrepancies.

NOTE: The **Blue** font reflects revised dates in the Workplan/Project Schedule to meet the three-year Grant dates beginning October 1, 2006 and ending September 30, 2009.

| Task | Start | End | Outcome | Status |
|---|-----------------------|-----------------------|--|---|
| Generally | | | | |
| Finalize MOA between ADEQ, EPA, and the air quality departments of Maricopa, Pima, and Pinal Counties regarding Arizona Environmental Performance Track | 03/06 10/06 | 06/06 01/07 | Finalized MOA | ADEQ is awaiting receipt of the signed MOA by EPA. EPA/AZ MOA finalized in January 2007 and forwarded by Tom Kelly, EPA Region 9, to EPA administration for review and approval. ADEQ has not yet finalized an MOA with the county air quality departments primarily because of the delay in finalizing the <i>Cooperative Agreement</i> . |
| Adoption of federal performance track incentives for MACT. | 03/06 10/06 | 04/07 11/07 | Adopted MACT rule | ADEQ remains on track to meet this task. |
| Quarterly review and report to EPA on the project status. | 06/06 01/07 | 04/09 09/09 | Completed review and report | ADEQ's quarterly reports will report on all activities conducted during the preceding calendar quarter. |
| Develop and track quarterly performance measures for Performance Track. | 03/06 10/06 | 04/09 09/09 | Completed quarterly performance reports. | ADEQ is in the process of identifying quantifiable performance measures. |
| Review with EPA all National and Arizona Environmental Performance Track applications and current members' annual reports. | 03/06 10/06 | 04/09 09/09 | New Arizona Performance Track Members | We continue to participate in this process. Luke Air Force Base has submitted an application to join AZ PTrack and ADEQ is conducting a compliance enforcement review and will be working with EPA on the national review process. |

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| Generally | | | | |
| Participate in EPA Performance Track state conference calls and national and regional Performance Track conferences | 03/06 10/06 | 04/09 09/09 | Better knowledge of nation-wide issues | We continue to participate in the State conference calls. |
| Ongoing public outreach on performance track through speaking engagements at seminars | 03/06 10/06 | 03/09 09/09 | More informed regulated community | <p>Our ongoing participation as a member of the <u>Arizona Environmental Strategic Alliance</u> allows us to continue to work closely with our business partners to further promote the benefits of National and AZ Environmental Performance Track membership.</p> <p>ADEQ attends the monthly Arizona Strategic Alliance meetings, where Performance Track is a standing agenda item.</p> <p>ADEQ is setting up a kick-off meeting, scheduled for August 23, 2007, for city and county departments interested in becoming PTrack members. A series of quarterly meetings will follow as ADEQ provides hands-on training and assistance in the development of their individual EMS.</p> |

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| Conduct training for all agency enforcement staff on requiring the development of an EMS as part of a Compliance Schedule when negotiating Consent Orders and Judgments when appropriate including sample text utilizing the four EMS templates as a guidance resource. | 03/06 10/06 | 03/09 09/09 | More informed staff on EMS's resulting in increase use of EMS's by non-complaint companies | <p>Ahead of Schedule. We developed two PowerPoint presentations which will be scheduled periodically as part of our monthly staff training program.</p> <p>On May 16, 2007 a seminar was given to ADEQ permit writers and inspectors on the Performance Track Program and the importance of an EMS.</p> <p>The presentations are: 1) An Overview of EMSs; and 2) Legal text to be inserted into the Compliance Schedule of orders, when appropriate, for the development of an EMS.</p> <p><u>Note:</u> The Overview on EMSs will be further adapted for presentations to businesses as part of our outreach program to promote Performance Track membership.</p> |
| Enhance the ADEQ Performance Track Web Page by providing "one-stop" access to the National and Arizona Environmental Performance Track programs and incentives; recognize and profile members and their continuous improvement projects; provide direct links to current members; guidance documents and resources to encourage and promote Performance Track membership supplemented by ongoing public education and outreach. | 06/06 01/07 | 10/06 05/07 | Enhanced web page to educate public on the benefits of Performance Track | <p>Updates to our AZ Performance Track webpage have been completed.</p> <p>All presentation materials as well as all publicly available guidance have been made available to all ADEQ staff through our internal communications network – <i>The Intranet</i>.</p> |

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| Conduct annual site visits of a minimum of 10% of Arizona Performance Track member facilities. | 03/06 10/06 | 03/09 09/09 | Completed site visits for integrity of program | Ahead of Schedule. The new Performance Track Administrator is awaiting resolution to EPA's attempt to gain accreditation for its Site Visit Training. October 24, 25, and 26, 2006, ADEQ hosted EPA Performance Track Site Visiting training which included an official site visit to National and AZ Performance Track member PING (Karsten Manufacturing) in Phoenix. Andy Teplitzky, from EPA and Henry Darwin, from ADEQ conducted the site visit accompanied by ADEQ staff enrolled in the training. |
| EMS Guidance and Templates | | | | |
| Review existing ADEQ developed EMS guidance and templates | 09/06 04/07 | 11/06 06/07 | Understanding of what changes are required | Ahead of Schedule. The four module EMS template has been completed and ADEQ is awaiting assignment of a publication number to post to our ADEQ website. |
| Hold two meetings with small businesses regarding EMS's to gauge interest in EMS's and discuss ADEQ's EMS guidance development | 01/06 09/06 | 06/06 01/07 | Inform Small Businesses of Benefits of EMS and Gain Information on Development Hurdles | Ongoing: ADEQ, with the assistance of the Arizona Strategic Alliance, held a follow-up meeting with those organizations who attended our April 3, 2007 seminar and expressed immediate interest in pursuing Performance Track recognition. |

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| Modify EMS guidance to meet standards set by EPA's National Performance Track program | 12/06 07/07 | 04/07 11/07 | Revised guidance that meets EPA standards | Ahead of Schedule The four module template has been completed and ADEQ is awaiting assignment of a publication number to post to our ADEQ website. A final DRAFT of our Small Community Compliance Assistance Manual is in management review. This is part of a project commitment by ADEQ as a follow-up to an ECOS grant project that was completed in 2006. The DRAFT Small Community Environmental Protection Plan template (a less robust EMS) is under revision to incorporate staff comments and suggestions. |
| Modify EMS templates to meet EPA's standards as needed | 04/07 11/07 | 06/07 01/08 | Revised templates that meet EPA standards | The four module template has been completed and ADEQ is awaiting assignment of a publication number to post to our ADEQ website. We have developed a training schedule on how to use the templates. |
| Revise Performance Track application and written literature to reflect web availability | 09/07 04/08 | 12/07 07/08 | Revised application and literature | We have met with staff and discussed revisions to our application which will include more details on incentives. Once completed, we will coordinate with EPA to link our revised Application to the National EPA application process. |

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| Agriculture Performance Track | | | | |
| Modify existing program or explore options for new comparable program based on input received in open meeting | 02/07 09/07 | 09/07 04/08 | Revised PT program description or draft of comparable program | Ahead of Schedule. Staff continues to investigate and compile information needed to develop an optional Agricultural program in anticipation of conducting an open meeting with interested members of the AG community. |
| Improvements to Flexibility in Permits and Reduced Reporting Incentives | | | | |
| Develop list of contacts of other state agencies that regulate facilities eligible for Performance Track | 07/06 02/07 | 08/07 03/07 | List of agency contacts | Seven Arizona agencies have been identified that regulate facilities eligible for Performance Track. ADEQ will meet with each agency to discuss the PT Program and attempt to gain a commitment for developing incentives and on partnering with ADEQ and the participating Counties. |

d. Section 4 – Funds - April 1, 2007 through June 30, 2007*

Financial Information removed by EPA as confidential business information.

e. Section 5 - Estimates

This section will provide estimates of the time and funds necessary to complete the project and compare these to the time and funds remaining. The difference between Sections 3, 4, and 5 is that Section 3 and 4 mainly reflect the previous reporting period, while Section 5 focuses on the remaining grant period.

ADEQ continues to work within the approved annual funding plan for this grant. ADEQ hired a full time administrator effective April 2007.