I. Project Summary

Project Title/Location
Joint Proposal to Explore the Role of an EMS in Permitting Environmental Leaders (Georgia)

State Agency Applicant
Georgia Department of Natural Resources' (DNR) Environmental Protection Division (EPD, lead agency) in partnership with the DNR's Pollution Prevention Assistance Division (P^2AD)

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RCRA:
This project will addresses all media including hazardous waste management and permitting, reporting, and possible inspection under RCRA.

Federal Government Participation Needed:
It is possible based on the permit alternatives investigated as part of this project that guidance regarding the types of federal regulatory flexibility required will be necessary. Georgia EPD and P^2AD will involve EPA Region 4 in the stakeholder process and seek their guidance specifically related to regulatory flexibility.

Other Federal Funds:
P^2AD receives EPA Pollution Prevention Grant funds for maintenance of the P^2AD Partnership Program. The scopes were written to complement each other while not duplicating services; only state funds will be used as match.

Statement of Support:
EPD management and P^2AD Director, Bob Donaghue, are supportive of the project.

II. Project Narrative

Introduction

Properly implemented environmental management systems (EMSs) can help facilities achieve environmental performance that exceeds regulatory requirements, including aspects that are both regulated (such as pollutant discharges) and non-regulated (such as energy use and greenhouse gas emissions). Businesses understand the financial and environmental value of implementing an EMS. Regulatory agencies have had less experience with the benefits (administrative and environmental) they themselves could realize when regulated facilities implement EMSs.

The intent of the project is to investigate the opportunities for streamlining the permitting process for both the regulated community and the regulators all while achieving better environmental performance; the intent is not to replace regulatory and enforcement programs. The project will seek to answer questions posed in EPA's EMS strategy including whether EMS elements, when incorporated into the permitting process, can:

- improve performance and efficiency by substituting for overlapping administrative and information gathering requirements
- achieve better and more efficient regulatory/permitting environmental results than prescriptive operational controls
- assist regulators by redirecting regulatory oversight from lower to higher priority areas, and
- yield better public involvement procedures and environmental results than traditional permit models.

The project will focus on one manufacturing sector in order to streamline the experiment and deepen the learning experience, since the facilities are more likely to have similar regulatory requirements. The carpet sector was selected because of its major presence in Georgia and its sector-wide commitment to environmental excellence. Eighty percent of the carpet manufactured in the U.S. is supplied by mills within a 65-mile radius of Dalton, Georgia. The sector employs 43 percent of the state's industrial employment with a payroll exceeding $4 Billion annually. The Carpet and Rug Institute (CRI), the carpet sector trade association, produces an annual sustainability report of its members. The latest CRI sustainability report (2003) indicates that the industry has reduced its environmental footprint by 80% in the last 12 years and has a strong commitment to the development and implementation of EMSs.

In addition to narrowing the focus of the project to a single sector, only facilities that participate in the P²AD Partnership Program will be allowed to participate in the project. Though project participants do not need to be a member of the P²AD Partnership Program when initially recruited, they will need to be accepted into the Program before they can become an official pilot participant. The P²AD Partnership Program is a multi-tiered performance-based program centered on the development and implementation of facility-level EMSs. There are three performance levels: Blue, Red, and Yellow, with Blue being the highest performance level with requirements that exceed those of US EPA's National Environmental Performance Track (NEPT) Program. Another factor supporting the decision to focus on the carpet sector is the strong participation of the sector in the P²AD Partnership Program. With 14 of the 50 facilities in the three performance levels – the carpet sector has the most members participating in the program of any business sector. It is anticipated that 3-5 facilities will participate in the pilot project. The permitting flexibility will only be granted when a facility has met the criteria set by the stakeholder group, which will include at a minimum an independently audited EMS.

P²AD has a history of building collaborative relationships between the regulated community and EPD. P²AD's main role in this project will be to facilitate the process of exploration with the carpet sector,

EPD, EPA, and community representatives. P²AD has worked with the carpet sector to identify research needs to improve environment performance and facilitate collaborative public-private voluntary partnerships to conduct research projects and provide technical assistance to address the needs. P2AD has a long-standing relationship with CRI and with the Consortium on Competitiveness for the Apparel, Carpet, and Textile Industry (CCACTI), a division of Georgia's Traditional Industries Program. P²AD's other role in the project will be to provide or arrange technical assistance and training related to EMSs. Here again, P²AD has a history of long-standing technical assistance partnerships with the Georgia Tech's Economic Development Institute (EDI) and the University of Georgia's Engineering Outreach Service (EOS). P²AD has worked with EDI and EOS through the Georgia Environmental Partnership to provide environmental technical assistance and training to business and industry in Georgia since 1995.

Carpet manufacturers typically have air permits associated with boilers as well as dyeing and curing processes. Many facilities generate hazardous wastes; some have water/wastewater permits (e.g., NPDES or pretreatment permits.) The project will seek to identify the role of a facility EMS in potentially streamlining permit requirements, including opportunities to replace specific requirements within permits with EMS elements and reduce overlap of permit requirements between media. The project will also explore other opportunities for flexibility in the inspection and reporting if the project stakeholder group recommends broadening the approach beyond the traditional permitting process.

If awarded, this project aims to achieve better environmental results in a more cost-effective manner. This will benefit the regulated entities, the regulators, and the communities that share environments with the facilities. Short-term outcomes related to changes in attitude include acceptance of EMSs by EPD and communities as a beneficial component of the regulatory process. This should result in a higher level of collaboration among these three groups for economically effective means of ensuring compliance and achieving better environmental results than the traditional regulatory approach. Medium-term outcomes related to changes in behavior include the use of EMSs by facilities to achieve better environmental performance, partly due to the proposed permit-related incentive of implementing an EMS. As part of this project, it is hoped that several facilities move into the highest level (Blue Level) of the Partnership Program and also possibly into the National Environmental Performance Track Program. Another outcome of the project is to improve compliance; EPD could then focus its limited resources on other activities, including higher risk entities or on other innovative approaches to improved environmental performance. Expected long-term outcomes include the reduced environmental impact of the facilities involved in the pilot (reduced impacts by the sector as a whole and ideally beyond to other facilities outside the sector, if successful). In addition to the environmental benefits, it is believed that the pilot will demonstrate how EMS implementation can strengthen the financial competitiveness of this Georgia-based industry.

Project Schedule and Timeframe

Year One

- Identify and recruit pilot facilities and other stakeholders (e.g., CRI, community representatives, EPA, and EPD permitting, policy, and enforcement personnel)
- Conduct EMS training for all stakeholders
- Convene project stakeholder group to discuss the overall goals of the project and to determine which regulations to target for granting permitting flexibility. The group will also explore other opportunities for flexibility, including inspection and reporting.
- Initiate formalization of permitting flexibility for the pilot participants. To expedite this step, the group will rely on the successes in Colorado and South Carolina and use the model agreements and legislative approaches as the initial starting point for discussion.
- Refine performance measures and requirements of Partnership Program to ensure Partners' EMSs will qualify for the permit/reporting flexibility

- Gather baseline data on carpet industry for participants in project as well as non-participants for comparison; proposed measures include:
    - compliance history
    - administrative costs (for both the facilities and EPD)
    - environmental performance measures (from NEPT's Environmental Performance Table and CRI's environmental footprint measures);
    - production data for normalization and comparison (environmental indicator per sales dollar or unit of production, such as solid waste per square yard of carpet produced)
- Begin measuring and reporting community involvement
- Report metrics to EPA quarterly

Year Two
- Facilities will (begin or continue to) implement EMSs
- Continue to formalize regulatory flexibility
- Conduct site visits/EMS audits to verify progress on EMS implementation and performance
- Collect year one progress data on compliance, administrative costs, environmental performance, and production for comparison and reporting through the Annual Performance Reporting mechanism of the P^2AD Partnership Program

Year Three
- Continue to work with facilities on EMS implementation and integration with regulatory flexibility
- Collect data on compliance, administrative costs, environmental performance, and production for comparison and reporting through the Annual Performance Reporting mechanism of the Partnership Program; data collection will continue on an annual basis
- Report findings in Final Report

Program Criteria

5.2.1.1 Target National Priority Environmental Issues

In addition to focusing on the core program requirement, innovation in environmental permitting, by virtue of focus on the carpet sector, the proposed project is expected to address many of the national priorities (smog, greenhouse gases, water quality, and water infrastructure). Since most carpet facilities have boilers and process dyes and adhesives, NOx and VOCs are of concern. Water quality and infrastructure are issues for carpet facilities due to the reliance of many on publicly owned treatment works (POTW) infrastructure to handle their wastewater, especially in the Dalton area where they rely on the public utility for treatment. Additionally, the carpet industry tracks greenhouse gases (GHG) as one of six environmental footprint indicators (landfill use, energy consumption, water usage, hazardous air pollutants, waste generation, and CO_2 emissions). While GHG emissions are unregulated, the project is expected to achieve beyond-compliance environmental performance, and GHG is an example of one area that would fall in that category.

5.2.1.2 Building on Our Existing Knowledge of Innovative Approaches and Expanding the Testing of Priority Innovations

This project is intended to build on existing efforts in Colorado, South Carolina, and Washington State to look at the viability of a using an EMS in the regulatory permitting process.

5.2.1.3 Measured Improvement in Program Results from Project Implementation

Types of measures that will be tracked during this project include:
- environmental performance of facilities
- environmental compliance of facilities

- financial benefits
- public involvement

5.2.1.4 Transferring Innovation

The purpose of this experiment is to learn how EMS implementation can be integrated into the regulatory permitting process resulting in a win-win for the regulated facilities, EPD, and the communities surrounding these facilities. Learning will take place for the facilities, regulators, and citizens involved in the project through EMS training and information sharing during the stakeholder process. This innovation could be a model in the state to promote the operational efficiency and financial savings that can realized by implementing an EMS at the facility-level and partnering with environmental leaders not only to reward superior environmental performance but to reduce reporting burden within state government and the regulated community.

The sector-based approach used in this proposal provides a model to transfer lessons learned and flexible permitting to other sectors through the P²AD Partnership Program. One specific conduit of transfer is the networking events that bring Red and Blue Level Partners together with EPD senior staff to build collaborative relationships and discuss regulatory topics. To institutionalize the innovations resulting from this project, regulatory flexibility will be integrated into the Partnership Program, ensuring that future members are directed towards such innovative arrangements with EPD. Finally, state-to-state (peer-to-peer) learning and transfer will take place through several venues, including the Multi-State Working Group and the Environmental Council of States, both of which Georgia Department of Natural Resources (DNR, the department that houses EPD and P²AD) participates in. The project team will share the report and project findings online, through events such as the National Environmental Partnership Summit, and through the NEPT outreach opportunities (including the Performance Track Participants Association) afforded by virtue of EPD and P²AD's location in Atlanta, Region 4 Headquarters.

5.2.1.5 Project Cost

(Addressed in budget.)

5.2.1.6 Project Technical Feasibility

(Addressed in project narrative.)

5.2.1.7 Team Proposals

In addition to the team nature of the proposed project between EPD and P²AD, there may also be a significant opportunity for a unique state-local partnership as a part of this project. Very few of the carpet facilities are direct dischargers in this area, and therefore use Dalton Utilities to process wastewater. Dalton Utilities is permitted by EPD and in turn, Dalton Utilities issues pre-treatment permits to its industrial clients, the majority of which are carpet facilities. P²AD will explore a possible synergy between local and state regulators and what role a facility's EMS may play during the permit process between the utility and the state as well as the agreements between the local utility and its customers.

5.2.2.1 Addressing Other EPA Regional-State Priorities

Even though this proposal is multi-media in nature, there are a few overlapping areas of interest between the national priorities (smog, GHG, water quality, and water infrastructure), the priorities of the CRI member efforts (CO2, water, energy, waste, landfill, etc.) and the priorities of Georgia and EPA Region 4 as indicated in our work in formulating a Regional Challenge Commitment in the National Environmental Performance Track Program. Though this Challenge is not yet finalized, the proposed priorities are related to water conservation, energy efficiency, and reducing RCC priority chemicals. Additionally, P²AD recently conducted a research project to determine the environmental priorities on which the division should focus its resources. This year-long process involving stakeholders concluded that several

top environmental priorities are (in no particular order): greenhouse gases, urban toxics, impervious surfaces, MSW generation, PM2.5, and water withdrawals and consumption.

5.2.2.2 Institutional Readiness and Commitment

P²AD has long standing relationship with the carpet sector and a history of facilitating public-private partnerships with the carpet sector to achieve environmental results. The P²AD Partnership Program is a well-established partnership involving EPD, NGOs, industry, etc. which has been around since early 2004. Through the Partnership Program, P²AD and EPD have access to facility and corporate-level environmental managers, who have responsibility for implementing EMSs. Through the Partnership Program, there is a strong precedence for collaborative relationship between EPD and the regulated community as evidenced by the semi-annual roundtable network meetings that bring together senior EPD leadership with Red and Blue Level Partners. Part of the basis for this collaborative relationship is the MOA signed by EPD, P²AD, and EPA in April 2004 wherein the parties agreed to support voluntary EMS-based approaches to environmental performance and to seek opportunities to provide incentives for superior environmental performance, including regulatory flexibility. Bob Peoples, the Director of Sustainability at CRI is also supportive of this proposal.

5.2.2.3 Inclusion of a Public Involvement Process

The project will involve the public in each phase, from the beginning discussions through the evaluation of the EMS effectiveness and final results. One of the goals of the project is to instill public confidence in the EMS as a viable component of the regulatory permitting process. The concentration of much of the carpet sector in the Dalton area enables a strong, sector-focused community involvement. Also, the Partnership Program strives for transparency and community involvement by requiring member facilities to make commitments to community outreach and volunteerism activities as part of the Red and Blue Levels. Additionally, the P²AD Partnership Program Advisory Panel has members representing non-governmental organizations.

IV. Budget Summary

[Withheld by EPA]