

US EPA ARCHIVE DOCUMENT

COMMONWEALTH OF KENTUCKY
Pre-Proposal Application
State Innovation Grant
RFP Number: EPA-AO-OPEI-07-01

Project Title: Promoting Environmental Excellence Through Environmental Leadership and Voluntary Performance Improvements

Project Applicant: Kentucky Division of Compliance Assistance

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Project Funding: *[Budgetary Information Withheld by U.S. EPA]*

Project Period: October 1, 2007 – September 30, 2009

Summary Statement: This proposal expands environmental performance and leadership throughout Kentucky. The project's two year objectives are threefold: 1) expand the membership of Kentucky's environmental leadership program, KY EXCEL, to more than 500 entities, 2) encourage at least 40% of KY EXCEL members to commit to performing waste reduction projects at their facilities, and 3) establish compliance assistance resources for use in an Environmental Results Program pilot project to build environmental leadership skills.

Statutory Authority/

Flexibility: KRS Chapter 224 provides authority for the Environmental and Public Protection Cabinet to implement a compliance assistance program and encourage environmental leadership and pollution prevention. There is sufficient flexibility to accommodate this proposal without requiring legislative or regulatory changes.

State Agency Support: I support this proposal, which complements the Kentucky Department for Environmental Protection's strategic objectives and builds upon successes that have been achieved.

Aaron B. Keatley, Director, Division of Compliance Assistance

Pre-Proposal Narrative

Project Description

This proposal will expand environmental performance and leadership throughout Kentucky. The project's two year objectives are threefold: 1) expand the membership of Kentucky's environmental leadership program, KY EXCEL, to more than 500 entities, 2) encourage at least 40% of KY EXCEL members to commit to performing waste reduction or energy efficiency

projects at their facilities, and 3) establish compliance assistance resources for use in an Environmental Results Program (ERP) pilot project.

To realize these objectives, this proposal integrates environmental leadership within an ERP pilot project. The ERP pilot project will focus on wastewater treatment facilities and properties with regulated underground storage tanks (USTs). The ERP will build increased awareness of environmental responsibilities and improved environmental performance. It will also provide a focused opportunity for the Division to encourage these entities to participate in voluntary environmental leadership activities such as waste reduction and energy efficiency. KY EXCEL provides an opportunity for all entities to participate in leadership activities, but the ERP pilot project will specifically allow the Division to reach out to project participants.

If this grant proposal is successful, the Division will:

- Develop performance improvement resources for UST locations and wastewater facilities:
 - Compliance guidance manuals that identify key environmental requirements, procedures, and leadership opportunities,
 - Turn-key training programs that will expound upon the elements contained in the compliance guidance manuals, and
 - Self-assessment checklists that can be used to define environmental performance, leadership opportunities, and needed corrective actions;
- Conduct training and distribute compliance assistance resources to ERP pilot project participants;
- Administer baseline and post project surveys with ERP pilot project participants to determine if program participation resulted in increased knowledge of applicable requirements, improved performance at the participating facility, and an increase in willingness and ability to participate in environmental leadership activities;
- Market participation in KY EXCEL and encourage participants to consider committing to waste reduction and energy efficiency goals;
- Summarize pilot project results, evaluate the feasibility of a full scale ERP effort in Kentucky, and determine the effectiveness of linking compliance assistance efforts with leadership development; and
- Make all performance development tools developed through this proposal available to other state agencies interested in implementing an ERP or leadership program.

Project need

Kentucky has recently initiated a compliance assistance program and environmental leadership program that are both administered by the Division of Compliance Assistance. Both of these two programs have proven to be very successful and have opened the doors for continued opportunities in improving environmental performance at Kentucky's regulated locations. Kentucky has not implemented an ERP and is interested in evaluating its ability to improve performance.

Two specific areas that the department has determined have a significant need for additional assistance are UST locations and wastewater treatment facilities. Inspection data indicate that there are a large number of small UST facilities that do not fully understand their environmental obligations and as a result are frequently found to be out of compliance. Inspection data also indicates that wastewater facilities, particularly small wastewater facilities, are often inadequately maintained and operated, which is contributing to nutrient and bacterial issues in Kentucky's many streams.

Problem being addressed and need for funding

This proposal will seek to further develop Kentucky's compliance assistance and environmental leadership programs. Since the Division does not charge a fee for its assistance and leadership development services, these programs are dependent on outside funding. A 2006 State Innovation Grant awarded by U.S. EPA in late 2005, funded KY EXCEL's development and initial implementation. The compliance assistance program has been provided a limited amount of funding through a combination of state and federal funds. Without additional funding, neither of these programs will be able to expand and conduct efforts such as described in this proposal. Funding limitations have created a synthetic cap on program capabilities to address the growing need for assistance and leadership services. This proposal will allow the agency to address the important objectives described in this proposal.

Link to EPA 's 5 strategic goals

Since KY EXCEL provides participants with the opportunity to commit to a large range of voluntary environmental projects, the increase in membership sought through this proposal could relate to all 5 of U.S. EPA's strategic goals. KY EXCEL's first 50 members committed to nearly 150 voluntary projects that have improved air quality, water quality, land quality, and public health. It is expected that members recruited through this proposal will implement a similar range of projects. Participants will be encouraged to consider projects related to waste reduction and energy efficiency.

This proposal also specifically relates to Goal 5 from U.S. EPA's Strategic Plan – Compliance and Environmental Stewardship. This proposal seeks to provide wastewater facilities and locations with regulated USTs with the knowledge and tools to improve their performance. It also will provide opportunities to encourage project participants to participate in environmental leadership activities.

Innovative changes in management and regulatory processes

This proposal allows the Department for Environmental Protection to evaluate two opportunities to improve performance and environmental quality. First, the agency is currently evaluating the opportunities that an ERP could provide by allowing the agency to reallocate scarce compliance assurance resources to areas of greatest need without compromising compliance rates in areas of lesser need. The ERP pilot project described in this proposal will provide the agency with qualitative and quantitative data that will help management define the scope of this opportunity. This proposal also allows the agency to evaluate a new method for providing compliance assistance and leadership development services with limited funding and staff.

Perhaps the most significant innovative opportunity that this proposal provides management is the ability to continue to assess the effectiveness of a cooperative approach to compliance assurance as opposed to only applying a traditional, regulatory approach. Recent successes with the

Division's compliance assistance and KY EXCEL programs have demonstrated this potential. This proposal will help institutionalize this as an effective approach.

How project demonstrates broad, strategic innovation

This proposal targets a specific compliance need with an innovative approach. It is Kentucky's belief that this proposal will establish the first integrated program in the nation that incorporates environmental leadership and ERP activities. Lessons learned from this proposal are transferable to any media, program, or topic.

Timeline, key process, and outcome milestones

KY EXCEL recruitment is an ongoing activity. The ERP pilot project will be completed in 2 years after the grant award. The first 3 quarters of year 1 will be dedicated to the development of the compliance guidance documents, training, checklists, and surveys. The fourth quarter of year 1 will be used to define the pilot project participants and to conduct the baseline survey. The ERP pilot project will be implemented in year 2 and will be completed at the end of the year with a post project survey and an analysis of project results. KY EXCEL membership will be tracked on an ongoing basis and results from voluntary projects conducted by KY EXCEL members will be tracked annually.

Organization's experience and plan for achieving objectives

As described in the Environmental Results and Past Performance section of this proposal, the Division of Compliance Assistance has successfully launched and sustained multiple complex and innovative programs. In addition the Kentucky Department for Environmental Protection has routinely demonstrated its ability to successfully implement meaningful environmental programs with quantifiable results.

The Division of Compliance Assistance will administer this project. The Division will ensure that sufficient staff and financial resources are maintained to ensure that this proposal is effectively implemented throughout its grant period.

Staff expertise, knowledge and resources

The Kentucky Department for Environmental Protection consists of nearly 700 professional employees with specialized environmental skills. The Department will utilize this broad range of expertise to ensure that this proposal is implemented efficiently and effectively. Department staff will be used to evaluate and improve the quality of all assistance documents and training produced through this proposal. Descriptions of the key personnel that will be immediately responsible for this proposal's implementation are included in Attachment 1.

Program Guidelines, Eligibility Requirements, and Selection Criteria

These criteria are covered throughout the work plan. Please refer to appropriate sections for specific information.

Environmental Outputs

Because KY EXCEL focuses on the implementation of voluntary projects, tracking and reporting the results and benefits from these activities is critical. As a result, Kentucky will invest a significant amount of effort to ensure that environmental benefits can be clearly reported. Program output

measures that Kentucky will track and report includes: the number of members accepted into KY EXCEL, the number of technical assistance actions conducted at the targeted sectors, and the number of individuals trained to use the self assessment checklists that will be developed through this proposal.

Environmental Outcomes

Kentucky will also report outcome measures resulting from activities performed under this proposal. KY EXCEL members are required to annually report the progress and results of their voluntary project activities. As a result of this mechanism, Kentucky will be able to quantifiably report specific reductions in energy consumption, pollution reduced, acres protected, individuals trained, etc. It is anticipated that significant increases in energy efficiency and pollution prevention will be demonstrated as a result of this program. The program will also track and report the changes in the compliance rate of the entities that volunteer to participate in the environmental results program pilot. The Division will also report on the number of volunteers that participate in the environmental results program pilot that also decide to join the KY EXCEL program as an environmental leader.

Public Involvement

As a state government entity, the Department for Environmental Protection places a high priority on implementing transparent programs and ensuring public participation in the regulatory process. During the development of KY EXCEL, the Division solicited the input of hundreds of stakeholders and interested parties. Throughout the development and implementation of the ERP pilot project, the Department will encourage public input and seek stakeholder involvement. All records created by this project will be open for public review. Project activities and results will be compiled in the Division's Annual Report.

Collaborations and Partnerships

KY EXCEL provides an ongoing opportunity to form partnerships between the Department for Environmental Protection and KY EXCEL program members. The Department meets routinely with these entities, which represent a broad cross-section of Kentucky's corporate and private citizens, to share experiences, discuss new opportunities, and mentor each other on leadership and compliance activities. It is anticipated that this spirit of partnership will continue as the program membership grows. Although it is not possible to define the exact nature of how these members will incorporate themselves into this specific project, the Department will solicit and welcome their input, participation, and experiences toward the implementation of this proposal.

Pre-Proposal Budget Summary

[Budgetary Information Withheld by U.S. EPA]

Environmental Results and Past Performance

The Division of Compliance Assistance was created in 2004 and since that time has developed two new programs, expanded one program, and maintained implementation of a fourth, well-established program.

The Compliance Assistance Program was established in 2005. This program provides free technical and regulatory assistance to any entity regulated by the Department for Environmental Protection. Since the program's inception two years ago, the program has assisted more than a 1,000 entities with a large variety of concerns. Demand for this assistance increased 125% in 2006 compared to 2005. The division tracks all requests, the nature of the request, the type of entity seeking assistance, and the time it takes to provide the needed assistance. This data is maintained in a local database and pertinent information is shared with other Department staff within the Department's enterprise database, TEMPO. The Compliance Assistance Program has

proven to be one of the fastest growing programs established by the Department for Environmental Protection in many years. Because of its success, the department will be expanding this program to include proactive assistance as well as maintain its existing reactive services.

KY EXCEL was launched on January 17, 2006. This environmental leadership program was developed with the financial and technical support of U.S. EPA's National Environmental Performance Track Program. The program is open to any corporate or private citizen that wishes to voluntarily engage in projects that improve Kentucky's environment. The program has four tiered levels that can accommodate membership for entities with diverse backgrounds and capabilities. The Division provides an incentive package to KY EXCEL members to encourage participation and improved environmental performance. In just one year, KY EXCEL has accepted approximately 65 members that have committed to performing roughly 175 voluntary environmental projects. The program tracks a variety of demographic information about its members, tracks and evaluates the administrative process related to application review, and most importantly, tracks quantitatively the voluntary projects conducted by each of the KY EXCEL members. Measures vary based on the projects being conducted but include both output and outcome measures such as: individuals trained, acres protected, pounds of pollutants reduced, facilities mentored, environmental management systems developed, etc. Membership information, workflow, and project commitments are documented in the Department's database, TEMPO. In addition, program outcomes will be published annually in a publicly available report.

The Division of Compliance Assistance's third program is an expansion of a program originally implemented by the Division of Waste Management. Since the Division was delegated primary responsibility for the program in late 2005, we have educated dozens of communities and hundreds of individuals on brownfields related issues. The program also administers a free property assessment program, develops brownfields redevelopment incentives, and inventories properties in need of remediation and redevelopment. The program's Help-Desk has provided technical assistance to more than 500 individuals in the last 18 months. All assistance requests are tracked in a local database. In addition, program activities and outcomes are published in the Division's annual report.

The Operator Certification Program is the fourth program implemented by the Division of Compliance Assistance. This program provides training and administers examinations to

wastewater and drinking water system operators seeking certification. The program is responsible for more than 6,000 certified operators in Kentucky. All information pertaining to licensing and training are documented in the Department's database, TEMPO.

Each year, the Division produces an annual report that quantitatively describes its recent activities, the past year's program outcomes, and program objectives for the coming year.

Programmatic Capability

The following are three examples of EPA grants that have been awarded and successfully managed by the Division of Compliance Assistance. The grants listed here do not include the millions of dollars in grant funding that are managed by Kentucky Department for Environmental Protection as part of its delegated authority for the Clean Air Act, Clean Water Act, Safe Drinking Water Act, and the Resource Conservation and Recovery Act.

List of EPA Grants				
Grant Title	EPA #	Funding/ Match	Date	Reporting Method
Pollution Prevention Grant	NP-96433606-0	<i>[Budgetary Information Withheld by U.S. EPA]</i>	10/01/05 - 09/30/06	Results are reported semi-annually and annually. Output measurements include number of workshops hosted and attendees. Outcome measurements include pounds of waste reduced, number of individuals participating in pollution prevention activities resulting from the project.
Wastewater Onsite Operator Assistance Program – 104(g)	T-97472203-2	<i>[Budgetary Information Withheld by U.S. EPA]</i>	01/01/03 - 12/31/05	Results are reported annually. Output measurements include number of facilities assisted. Outcome measures include improved performance and amount of pollutants reduced.
Environmental Policy and Innovation Grant	EI-96452806	<i>[Budgetary Information Withheld by U.S. EPA]</i>	06/15/06 - 07/15/09	Results are reported quarterly; semi-annually and annually. Output measurements include number of outreach events, training sessions, and applications received. Outcome measures include the number of KY EXCEL members, level of membership, geographic distribution, number of projects submitted, types of projects, etc.

Attachment 1.

Key Personnel Qualifications

[Resumes Withheld by U.S. EPA]