

US EPA ARCHIVE DOCUMENT

***Title: Implementing Kentucky's Environmental Leadership Program -  
A Vertical Start-up Model with Multi-State  
Applicability***

*Location:* Frankfort, Kentucky

*Applicant:* The Kentucky Department for Environmental Protection

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*Funding Request:* \$189,000

*Project Period:* February 15, 2006 until February 15, 2009  
(based on relative date of approval)

**Project Background**

In the interest of improving the environmental quality of life for all Kentuckians, the Kentucky Department for Environmental Protection has established a strategic priority (DEP Strategic Plan Objective 4.1) to facilitate enhanced environmental performance by Kentucky's regulated and non-regulated entities. Under the current compliance-based regulatory system, the performance of a facility is measured only against minimum regulatory standards. While this system helps to ensure minimum thresholds are maintained, it does nothing to encourage further innovation to achieve greater environmental performance beyond the minimum standards. Additionally, non-regulated entities who contribute to the environmental health of the state through their voluntary efforts are often at odds with regulated entities who are interested in reducing their regulatory burden without sacrificing environmental benefits. The lack of support for voluntary efforts on the part of both regulated and non-regulated entities has not encouraged nor rewarded cooperation. In the spirit of innovation and in support of Kentucky's strategic priorities, the Kentucky Department for Environmental Protection is developing a performance-based environmental leadership program to expand and enhance the existing compliance-based regulatory structure. The program, KY EXCEL, will encourage cooperation between regulated and non-regulated entities to improve Kentucky's environment for the benefit of all.

**Project Overview**

The mission of Kentucky's environmental leadership program is to promote, reward, and encourage superior environmental performance throughout the Commonwealth of Kentucky. The goal of the program is to positively impact the quality

of life for Kentuckians by encouraging continual improvement in environmental performance through commitment, partnerships, systemic management, and thoughtful growth. The program members will enhance the environment and society through public and private participation and networking, the development of innovative technologies, and the application of sustainable strategies. Specific program objectives are to:

- Improve comprehensive, multi-media compliance among the regulated community
- Reduce pollution and measure results
- Enroll, recognize, and encourage leaders who commit to improving Kentucky's environment
- Sustain and continually improve results over time
- Leverage Kentucky's environmental excellence as an economic advantage
- Strengthen Kentucky's posture as an innovative state
- Prepare Kentucky for a future of performance-based environmental improvement
- Build partnerships between Kentuckians (both public and private entities) and with regional neighbors
- Improve efficiency and reduce costs for Kentucky businesses and for the Department for Environmental Protection
- Align synergistic programs that encourage leadership across all media
- Document the design and implementation process for use by other states

### Compliance With Requirements

This program directly supports EPA's Strategic Goals as well as several Cross-Goal Strategies. By improving overall compliance performance and developing the concept of environmental stewardship, the program specifically aligns with Goal 5: *Compliance and Environmental Stewardship*, and with 5.1 *Improve Compliance* and 5.2 *Improve Environmental Performance Through Pollution Prevention and Innovation*. In addition, the program supports Goal 1: *Clean Air and Global Climate Change*, and Goal 2: *Clean and Safe Water*, by encouraging pollution prevention practices and directly measuring the amount of pollution reduced to each media. The program also will enhance Goal 3: *Land Preservation and Restoration*, and Goal 4: *Healthy Communities and Ecosystems* by identifying and rewarding the completion of projects that specifically improve the community through cooperative efforts. Cross-Goal Strategies that are used in the program include developing *Partnerships*, sharing *Information* through reporting, networking, documentation, and education, and rewarding *Innovation* in practices and technology.

### Project Schedule

The development of KY EXCEL was initiated in March, 2005. Implementation of this program has been designated as one of this year's top three priorities for Kentucky's Department for Environmental Protection. A design team was chartered and conceptual development began with a review of existing state programs, EPA's National Performance Track program, and of complimentary leadership programs such as OSHA's VPP and Energy Star to search for ideas that could be re-applied in Kentucky's

program. The fundamental goal of the program is to achieve better environmental results by enrolling, recognizing, and encouraging top environmental performers, to build a network among members that will produce sustainable and continually improving results, and to support and offer incentives for improvement to entities whose performance is at or below compliance level. The KY EXCEL framework is completed and the program is targeted for a January, 2006 start-up. Input on the framework and proposed incentives was sought from both regulated and non-regulated entities to assure a superior product. KY EXCEL was presented to the public at the Governor's Conference on the Environment event in November, 2005, and has the full endorsement of the Commissioner of the Department for Environmental Protection, the Secretary of the Environmental and Public Protection Cabinet, and the Governor of the Commonwealth. To date, public response has been strongly positive.

Upon program implementation in January, 2006, a number of activities will take place concurrently.

<i>Start-up and Implementation Milestones</i>	<i>Start</i>	<i>Target Completion</i>
Design KY EXCEL program structure & educate DEP staff	5/05	1/06
Publish promotional materials	10/05	3/06
Plan and hold regional training events	11/05	5/06
Identify sector specific/regional partnership opportunities	11/05	6/06
Registration for Program Candidates	1/06	on-going
Provide support to candidates (complete entry requirements)	1/06	on-going
Announcements of Inaugural Membership	1/06	12/06
Develop KY EXCEL website and on-line application	3/06	6/06
Develop KY EXCEL on-line documents library	3/06	on-going
KY EXCEL alignment with NPT (MOA option)	3/06	9/06
Plan and Deliver KY EXCEL Networking event(s)	3/06	10/06
Plan incentives update based on member input	3/06	12/06
Review Initial Program for Improvement opportunities	6/06	12/06
Add budgeted personnel to KY EXCEL staff	7/06	9/06
Pre-work and Completion of First Annual Report	10/06	3/07
Review Reporting for Improvement Opportunities	4/07	10/07
Plan and Deliver Program Networking event(s)	5/07	10/07
Plan incentives update based on member input	6/06	12/06
Review Program for Improvement Opportunities	6/07	10/07
Document KY EXCEL Development Process for Reappl.	9/07	2/08
Pre-work and completion of Second Annual Report	10/07	3/08
Develop SOP's for annual renewal activities & execute	3/08	10/08
Pre-work and completion of Third Annual Report	10/08	2/09
Summarize results and issue final report to SIG	1/09	2/09

### Project Narrative

Kentucky's newly developed voluntary recognition and incentive program, KY EXCEL, will encourage members to focus on issues important to their communities, to take a creative approach in solving local and regional problems, and to employ networking and

partnerships with citizens, businesses, and governments to achieve environmental goals. Members of the program will meet or exceed environmental compliance requirements and will commit to continually improving their results through systemic resource management processes. As environmental leaders, members will be encouraged to build environmental stewardship into their daily work and to emphasize greater holistic responsibility for environmental results. KY EXCEL will also encourage partnerships between regulated and non-regulated organizations, business sectors, regional stakeholders, and other resources who can contribute to Kentucky's future through educational and outreach activities. Participants who agree to eligibility requirements for membership and who agree to support and deliver program results will be recognized for their leadership.

Although Kentucky's design has reapplied ideas from other successful state programs, this program will be innovative in several ways including: (1) KY EXCEL will align with EPA's National Performance Track program from the outset providing optimum membership benefits for the state's environmental leaders; (2) KY EXCEL will introduce an Advocate category of membership that includes a large professional resource group that can provide environmental support services to potential members at no or low cost (ex. training, auditing, etc.); (3) KY EXCEL will work to align previously separate leadership programs, such as OSHA's VPP, Energy Star, Green Buildings, Smartgrowth, and H2E, to encourage multi-media benefits to the environment and to human health; (4) KY EXCEL will select and publicize annual environmental priorities/goals and will reward members that complete projects that help to meet or exceed them; (5) Kentucky will develop partnerships with other states in EPA Region 4 and with bordering states to develop membership criteria and support for business sectors that are common to the area such as mining, agriculture, and land development, to encourage regional environmental improvements, and; (6) Kentucky will develop a library of materials and guidance documents to make it easier for other states to reapply the rapid design and start-up methodology.

Conceptually, KY EXCEL is designed to appeal to a broad range of businesses, industries, and non-governmental organizations (NGO's). By encouraging a diverse membership, the program will provide an innovative opportunity for building networks not only within like businesses and NGO's, but also across boundaries that currently exist between regulated entities, non-governmental organizations, and government. Candidates enter the program through the portal of the newly established Division of Compliance Assistance where they are provided some regulatory protection via Kentucky statute during the assessment process. After entry requirements are completed, regulated entities may chose to participate in one of three membership tiers; Master (aligns with EPA's NPT program), Leader, or Partner. Each tier requires correspondingly higher levels of environmental performance and provides additional incentives for meeting/exceeding goals and for completing state priority projects. In addition to the three tiers, a fourth membership category will be established for Advocates. Advocates are typically non-regulated entities who have a strong interest in environmental improvement. Although some other states have a membership category primarily for environmental interest groups, Kentucky's Advocate members will provide innovation to the program through their diversity. Many Advocate members are anticipated to provide an environmental service that offers a pool of expertise for candidates who struggle to meet entry criteria.

Advocates can provide training and auditing services as well as mentoring to Candidates and members at no or low cost. By providing this outreach service, Advocates meet their annual improvement project requirement and are recognized. Without this service, many potential Candidates, particularly small businesses, would not join the program because of costs or lack of resources. Since the majority of Kentucky's businesses are small, it is anticipated that the services of Advocate members could break barriers to membership for many and will boost participation in KY EXCEL.

Master members will also be encouraged to offer outreach services and support for lower tier members. In addition, because of the timing of the program's start-up, Kentucky plans to offer dual membership in EPA's NPT to Masters and work to align incentives from the outset of the program. Although other states are working to align with NPT, Kentucky has the opportunity to start-up a program in alignment. As a result, this will expedite anticipated environmental benefits and will increase total NPT membership.

Another innovative feature of Kentucky's program is the planned partnerships with other existing leadership programs. To the regulated community, the number of voluntary leadership programs available is confusing and competitive although each has noble goals. Kentucky's vision is to align programs from all government segments where possible and to offer recognition for accomplishments that could be non-traditional. Many entities operate a business that combines the strengths of health, safety, energy, and environment into one program because it is cost effective and synergistic to do so. By crediting accomplishments in appropriate areas, energy savings or hospital bio-waste for example, Kentucky's environmental leadership program will recognize the holistic nature of environmental protection and will interest more potential members. Long term, leadership programs could share auditors and report data as appropriate to improve efficiencies and reduce costs for all involved.

Because Kentucky's environmental priorities will change over time, the program will identify and publicize annual focus areas for environmental improvement. To enroll program members in support of focus area projects, those who chose to commit and complete a project in the focus area will receive additional recognition and awards from the state. In a broader context, Kentucky plans to network with Region 4 and bordering states to identify regional focus areas and project opportunities that program leaders could choose to adopt. Completion of a regional project will also be recognized and rewarded.

### Transferability

Nationally, nearly half of all states have some form of environmental leadership program in place. There is little consistency between the programs and although EPA NPT representatives are beginning to network with states, there is significant work remaining to be done to maximize the improvements to the environment that leadership programs can contribute. Kentucky plans to document the development process of KY EXCEL and offer guidance to other states that chose to move their programs beyond command-and-control compliance.



## Measures and Environmental Outcomes

Performance measures for implementing Kentucky's environmental leadership program will center on start-up effectiveness and outputs during the first year and environmental outcomes in the second. In the first year, measures will include;

- The number of categories of businesses, industries, NGO's, schools, and municipalities that apply for the program
- The location of applicants and how extensively the program is represented across the state
- The number of applicants who are comprehensively compliant at application vs. the number who have compliance gaps
- The amount of time it takes to process an application through to acceptance for membership
- Environmental baselines established for all members
- The type and number of projects committed to in the first year
- The number and type of candidates or members who drop out of the program or process and what the reasons were for leaving
- Development and delivery of program documents, events, and tools on time (i.e. is the Milestone Schedule met?)
- Amount and type of Advocate or Master mentoring services required
- Number of facilities that opt for dual NPT and Kentucky membership

Output data measurement is important in the first program year so resources may be allocated in weaker program areas. Establishing a baseline for each member will also be critical for goal-setting, not only for individual members, but also to measure program effectiveness over time.

In the second year, program measures will include both quantitative and qualitative data;

### Quantitative Data

- Total reduction in pollution across all media as measured using normalized factors
- Total environmental projects completed vs. committed
- Total number of Candidates accepted for membership vs. rejected and why
- Total membership and location
- Total attendance at networking events
- Total reports completed and on-time during 1<sup>st</sup> annual reporting event
- Total hours of Compliance Assistance involvement with Candidates

### Qualitative Data

- Member satisfaction survey
- Non-member recognition survey
- Number and quality of formal and informal networks and partnerships established
- Overall impact on enforcement actions
- State focus areas improved

- Impact on field office efficiencies
- Requests for guidance from other states
- Public response and feedback on the annual report generated

Longer-term measures, third year and beyond, will be evaluated after the leadership program's second year to determine additional program outcomes such as;

- National perception of KY EXCEL as a model program
- High % of memberships renewed with commitment to continual improvement
- Environmental improvements completed in all state geographic regions
- Partnerships in place across political and organizational boundaries
- Continued annual membership growth
- Measured environmental contribution in all media
- Diversity of membership is sustained and expanded

The Kentucky Department for Environmental Protection is committed to examining other potential long-term outcome areas. Through this process, potential improvement areas that may be identified and measured include;

- Increased environmental knowledge among Kentucky's citizens (KEEC survey)
- Reduced compliance outages in business sectors that have KY EXCEL members vs. inaugural year
- Public perception of improved environmental health
- Increased tourism
- Increased economic opportunity for the state as a result of the enhanced environmental image the program will generate

Baseline data will be collected from application information, annual reports, project updates, site self-assessments, existing state report data, the Kentucky Environmental Education Council, member interviews and feedback, and from surveys designed to evaluate qualitative impacts on tourism and the economy. Data will be collected and summarized by the member and will be provided to KY EXCEL for review. Each year, the secondary data collected from the annual reporting process will be used to compare current state vs. baseline to determine both quantitative and qualitative improvement. As much as possible, existing data collection processes will be used and modified to include additional measures with regard to KY EXCEL vs. developing completely independent surveys. This will allow KY EXCEL to establish baselines in other areas of potential impact such as environmental awareness, and perceptions about the state as an environmental leader.

### Reporting

The Division of Compliance Assistance, KY EXCEL's home organization within the Department for Environmental Protection, will prepare quarterly reports in addition to an annual report on program results. The reports will include a summary of activities, projects, measurable results by media, and membership growth. The annual report will also highlight broader program accomplishments, anticipated improvements, total annual results vs. baseline, and will highlight successful projects for reapplication. At the project's conclusion in February, 2009, a final report will be prepared summarizing results.



### DETAILED ITEMIZED BUDGET

<b>FUNDING USE</b>	<b><u>REQUESTED AMOUNT</u></b>	<b>LEVERAGE FUNDS</b>	<b>SUMMARY OF INTENDED USE</b>
Personnel	\$108,200	Division of Compliance Assistance is currently using state funds to support the salaries for personnel involved in the draft framework, rollout plan, project sponsors, legal guidance, administration, and the design team. The federal funds will be used to support the personnel costs associated with staff performing program administration, oversight, application reviews and technical assistance relating to the Environmental Leadership Program (KY EXCEL).	<ul style="list-style-type: none"> <li>❖ Program Implementation               <ul style="list-style-type: none"> <li>❖ Brochure Development</li> <li>❖ Annual Program Report by Division of Compliance Assistance</li> <li>❖ Regulations for Benefits</li> <li>❖ Receiving and Reviewing Applications</li> </ul> </li> <li>❖ Promotional Activities</li> <li>❖ Reporting Development</li> </ul>
Supplies	\$0	State funds are being expended to purchase supplies and materials required for the start up and continuation of the program.	<ul style="list-style-type: none"> <li>❖ General Office Supplies</li> <li>❖ Supplies for Annual Conference</li> <li>❖ Award Plaques</li> <li>❖ Development of Materials</li> <li>❖ Printing/Postage</li> </ul>
Travel & Training	\$11,500	State funds are being expended to solicit input from Department employees and outside entities.	<ul style="list-style-type: none"> <li>❖ Training               <ul style="list-style-type: none"> <li>❖ Internal                   <ul style="list-style-type: none"> <li>❖ Regional Office Staff</li> <li>❖ Central Office Staff</li> </ul> </li> <li>❖ External                   <ul style="list-style-type: none"> <li>❖ Potential Members</li> </ul> </li> </ul> </li> </ul>
Contractual	\$35,000	State funds are being expended to develop	<ul style="list-style-type: none"> <li>❖ Web-Page Contractor               <ul style="list-style-type: none"> <li>❖ Maintenance</li> </ul> </li> </ul>

		program logo and promotional supplies.	<ul style="list-style-type: none"> <li>❖ Electronic Application</li> <li>❖ Link with National Performance Track</li> <li>❖ Annual Conference</li> <li>❖ Promotional Mailings</li> <li>❖ Presentations at Conferences and Similar Venues (IE – Governor’s Conference on the Environment)</li> <li>❖ Mini Recognition Events – Awards?</li> <li>❖ Logo Development</li> <li>❖ Recruitment</li> </ul>
<u>Total Direct Costs</u>	<b>\$154,700</b>		
<u>Total Indirect Costs</u>	<b>\$34,300</b>		
<u>TOTAL COST</u>	<b>\$189,000</b>		<u>Three year period</u>

## Public Involvement

KY EXCEL is designed to include opportunities for a diverse membership base including businesses, industries, organizations, households, and individuals. The program will be broadly promoted across all regions of the state through a series of workshops, announcements, speaking engagements, and the web site. Input from members and the general public will be sought through all venues. Quarterly and annual reports will be generated and available for public comment.

## Project Management Qualifications

### Project Manager:

Cheryl Taylor  
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Prior to joining the Kentucky Department for Environmental Protection in January 2005, Cheryl Taylor had nearly 25 years of experience as a plant engineer and project manager for the Procter & Gamble Manufacturing Company. Her responsibilities included capital projects and budget management, utilities and facilities management, plant maintenance, and environmental, health, materials and ingredient logistics and quality management, and safety program management. She has a Bachelor of Science degree in Mechanical Engineering and a Bachelor of Arts degree in Social Work and is currently completing her Master's degree work in Public Health. A resume' is included as an attachment.

### Director of KY EXCEL:

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