Project Narrative Statement
STATE INOVATION GRANT PROGRAM (SIG)

A. PROJECT TITLE: MICHIGAN ENVIRONMENTAL RESULTS PROGRAM (MERP) – DRY CLEANING SECTOR

B. APPLICANT INFORMATION:

Lead Agency:

Michigan Department of Environmental Quality (MDEQ)
Environmental Science and Services Division (ESSD)
P.O. Box 30457
Lansing, Michigan 48909-7957

Key Contacts in MDEQ - ESSD:

Marcia Horan, Chief, Pollution Prevention and Compliance Assistance (P2CA) Section
E-mail horanm@michigan.gov
Telephone (517) 373-9122
Fax (517) 373-3675

Project Contact:
Teresa Kinder, Senior Environmental Engineer, P2CA Section
E-mail kindert@michigan.gov
Telephone (517) 373-9283
Fax (517) 335-4729

Geographic Focus:

Michigan - Statewide

C. FUNDING REQUESTED: $199,200

D. PROJECT PERIOD: January 2005 through May 2008

E. PROJECT NARRATIVE/WORK PLAN:

1) Current Situation and Need

The dry cleaning industry is subject to both federal and state environmental regulations pertaining to air, water, and solid and hazardous waste generation. With regards to air quality, dry cleaners are subject to the federal National Emission Standard for Hazardous Air Pollutants (NESHAP) or New Source Performance Standard (NSPS). NESHAP area sources are presently deferred from Title V permitting. In the event that the proposed Title V permit deferral for large area sources is not made permanent, the MDEQ-AQD will develop and implement a plan to insure that the applicable regulatory requirements are met. Only NSPS subject major sources are subject to Michigan's Title V Permitting Program as cited in Michigan's Air Pollution Control Rule R 336.1211. The MDEQ regulatory divisions recognize that there is a need to work more closely with the dry cleaning industry to improve their understanding of and compliance with all of their applicable environmental regulations especially the monitoring, record keeping, and waste characterization requirements.

The MDEQ plans to incorporate the air, water, and waste requirements for the dry cleaner sector into a multi-media, self-certification, compliance assistance package through the Michigan Environmental Results Program (MERP). The MERP pilot will defer national pollution discharge elimination systems, treatment storage and disposal facilities and major sources subject Title V their respective programs.

The MDEQ will establish a multi-media regulatory inspection program. The MDEQ will assign an expert from each media to assist in the development of inspector checklists, provide hands-on training for the multi-media inspector, and act as the point of contact and a technical resource for the dry cleaner multi-media inspector for their specific media.

2) Objectives and Public Benefits

The MDEQ goals and objectives for the dry cleaning MERP are outlined below:

- Provide compliance assistance for all facilities within the dry cleaner sector.
- Utilize existing regulatory staff resources for multi-media (versus single-media) inspections, in order to produce an administrative efficiency within the MDEQ.
- Develop a series of templates for multi-media inspection and compliance assistance tools that can easily be adapted for other states' use.
- Develop a detailed process, including the "dos and don'ts", to effectively evaluate and provide a decision-making checklist for future potential MERP approaches to other sectors.
- Develop a multi-media inspection technique training series for use by single media inspectors.
- Encourage the use of pollution prevention activities and Best Management Practices (BMPs).
- Promote lasting change and improvement in environmental performance through environmental management system type compliance assistance tools.
- Develop the framework of a MERP that can be transferred and be applied to other more complex sectors.
- Collaboratively work with the major industry stakeholders, the U.S. Environmental Protection Agency (USEPA), and the MDEQ program administration to provide flexibility for facilities that participate in the MERP as a means to satisfying their multi-media environmental requirements.

Target Dates and Milestones

This project's major tasks and timeline are outlined in the Table 1.

Table 1: Schedule of Major Project Tasks

Task Name	Task Description	Start Date	End Date
Outreach	Outreach to internal and external stakeholders (including targeted facilities) about the project.	1-1-2005	10-16-2005
Goals Identification	Finalize the goals of this project upon which metrics will be based	1-1-2005	4-4-2005
Measures Identification	Finalization of metrics to be tracked by this project.	1-1-2005	6-1-2005
Facility Identification	Determine the exact characteristics of facilities to be included in this project and compile a list of facilities from reliable sources.	6-6-2005	12-7-2005
Data Input and Management	Development and implementation of an approach to cost-effectively input and manage the MERP data, including primary and secondary data. Primary data consists of data from inspection reports and facility forms (including self-certification forms). Secondary data sources include lists of facilities from regulatory and private-sector databases.	11-1-2005	6-20-2005
Statistical Methodology	Development of a statistical methodology to drive performance measurement and analytical tasks.	6-21-2005	11-14-2005
Quality Assurance Project Plan Finalization and Approval (QAPP)	Finalize the QAPP based upon results of the measures identification, statistical methodology, and data management tasks. Primary data collection will not occur before relevant parts of the QAPP are finalized and approved by the USEPA.	1-1-2005	6-20-2005
Baseline Inspections (establishing a performance measures baseline)	Inspections at facilities to establish a baseline for performance measures. Facilities selected at random from the entire targeted population based upon sample design from statistical methodology.	3-28-2006	6-6-2006
Baseline Analysis	Analysis of inspection data to establish a baseline for the project's performance measures.	6-6-2006	7-7-2006
Facility Assistance	Delivery of compliance/technical assistance to facilities, which is expected to take the form of workbooks, fact sheets, and/or workshops.	9-6-2006	4-11-2007
Self-certification	Implementation of a voluntary facility self-certification approach. Self-certification refers to the submission of a record of a facility's compliance and beyond-compliance practices.	1-1-2005	10-4-2006
Analysis of Self-certification Results	Analysis of self-certification data, with primary purpose of identifying opportunities for selective follow-up (next step).	5-15-2007	10-30-2007
Selective Follow-up	Selective follow-up with self-certifying facilities, based upon analysis of self-certification data. Selective follow-up may include telephone calls, inspections, and enforcement. Selective follow-up is not typically based upon a random sample.	11-13-2007	11-30-2007

Post-Certification Inspections	Inspections at facilities to establish whether sector performance measures (and other measures) have changed since the baseline. Inspection data also used to cross-check self-certification data at inspected facilities. Facilities selected at random from the entire universe of facilities, based upon sample design from statistical methodology. If resources allow, this project may collect representative samples from sub-populations (e.g., to compare the performance of certifiers to non-certifiers). The MDEQ recognizes that analytical challenges are presented by such an approach. Such challenges will be addressed in the statistical methodology, and the approach will be reflected in the amended QAPP.	11-30-2007	4-1-2008
Data Analysis	Analysis of baseline, self-certification, and post-certification data to understand change in facility performance and overall outcomes of interest. Assessment of project efficiency.	4-1-2008	4-29-2008
Reporting to the USEPA	Reporting shall include quarterly, annual, and final reports.	4-15-2008	5-7-2008

3) Indicates Compliance with Requirements

One of the goals of the MERP is to improve upon their compliance picture and gain 100 percent compliance. The MERP will go beyond other state's standard MERP implementation by including an additional "three-prong" strategy for compliance: community involvement, application of business incentives, as well as the development of a multi-media regulatory inspection program.

4) Reflect Environmental Outcomes

This project's proposed environmental outcomes are outlined in Table 2: MERP Project Outcome Summary. Additionally, the MERP project proposed outcomes were then compared to the 2003-2008 EPA Strategic Plan. The results of the comparison are summarized in Table 3: MERP Project Comparison to EPA Strategic Plan.

Table 2: MERP Project Outcome Summary

Inputs/ Activities	Outputs	Short-Term Outcomes	Intermediate Outcomes	Environmental/ Economic Outcomes
▪ Number of personnel engaged in the MERP project – MDEQ, USEPA, association members, environmental group members and private citizens.	▪ Number of stakeholders involved in the process. ▪ Number of individual stakeholders identified by affiliation (group or independent). ▪ Extent of stakeholder involvement (qualitative measure).		▪ Increase in the number (%) of dry cleaners keeping records of PERC and petroleum solvent use. ▪ Increase in the number (%) of dry cleaners in compliance with quantity and time limits for hazardous waste storage. ▪ Increase in the number (%) of dry cleaners that discharge separator water to a sewer, tank, evaporator, or container and never to a septic system. ▪ Increase in the number (%) of dry cleaners with no readily detectable odor of PERC and petroleum solvent. ▪ Increase in the number (%) of dry cleaners that monitor emission control equipment with the proper frequency. ▪ Increase in the number (%) of dry cleaners in compliance with the Maximum Achievable Control Technology. ▪ Increase in the number (%) of petroleum solvent dry cleaners that are in compliance with the NSPS. ▪ Customers Reached: ▪ Number (%) of dry cleaners participating in program. ▪ Number (%) of dry cleaners attending events, requesting a compliance assistance site visit, or telephone consultation.	▪ Measured improvements in targeted sector-specific environmental performance measures. ▪ Measured improvements in worker and community public health. ▪ An increase in cost effectiveness will be measured by a decrease in hours required by the state to administer and the facility to comply with the MERP program. This will achieve equal or better environmental results as compared to conventional regulatory or permitting program.
▪ Identify the universe of regulated PERC and petroleum solvent dry cleaners. ▪ Established performance measures for dry cleaning sector. ▪ Establish P2 and BMPs. ▪ USEPA Design for the Environment (DfE) resources/tools.	▪ Number of compliance assistance materials distributed to the dry cleaners. ▪ Number of workshops and trainings conducted. ▪ ▪ Number of BMPs prior, during, and after pilot.	▪ Increase in the number (%) of dry cleaners with increased relevant knowledge and skills, as a result of site visits; consultation; or attending compliance assistance events.		
▪ Prior to MERP, conduct inspections at a random set of dry cleaners, to establish baseline performance.	▪ Number of compliance assistance site visits conducted and telephone calls processed.			
▪ Work with the USEPA ▪ Region V, to determine how MERP Project interfaces with Title V requirements. ▪ Provide technical assistance to all dry cleaners through workbooks and workshops. ▪ Conduct targeted and random inspections of dry cleaners to determine performance and compliance status changes. ▪ Evaluate sector and facility performance using the results of the self-certification and inspection. ▪ Assistance inspection protocols, and level of oversight accordingly. ▪ Determine the number of hours to develop permit. ▪ Conduct pre-evaluation of potential participates in the MERP.	▪ Number of area sources within Michigan prior to implementation of pilot. ▪ Number of area sources using MERP during pilot. ▪ Number of area sources using MERP after pilot.			
▪ Identify all federal and state-only requirements. ▪ Compile lists of “do’s and don’ts” during MERP development process.	▪ Series of templates for multi-media inspection and compliance assistance tools, which can easily be adapted for other states’ use. ▪ Series of multi-media inspection techniques for use by single media inspector. ▪ Develop a process of MERP for other state’s use, and future sectors.			

Table 3: MERP Project Comparison to EPA Strategic Plan

EPA Strategic Plan Goals	Objective/Sub objective identified within the 2003-2008 EPA Strategic Plan
Goal 1: Clean Air and Global Climate Change	Sub objective 1.1.2: Reduced risk from Toxic Air Pollutants. Strategic target: - Establish working with partnerships; and - Reduce Perc from the dry cleaners by 10 percent. - Assure compliance with all federal requirements
Goal 2: Clean and Safe Water	Objective 2.1: Prevent Contamination of Sources of Drinking Water, and Objective 2.2: Protect Water Quality. Strategic target: - Reduce Perc and petroleum solvent releases to the ground/groundwater by 10 percent. -
Goal 3: Land Preservation and Restoration	Objective 3.1: Reduce adverse effects to land by reducing waste generation, increasing recycling, and ensuring proper management of waste and petroleum products. Strategic target: - Manage hazardous waste properly; and - Increase BMPs activities by 20 percent.
Goal 4: Healthy Communities and Ecosystems	Objective 4.0: Create strong partnerships with federal, state, and local government agencies; and enlist support of many stakeholders: Sub objective 4.1.4: Protect human health, communities, and ecosystems from chemical risks and releases through facility risk reduction efforts. Strategic target: - Establish stakeholders; - Increase facilities knowledge of strategies aided at preventing risks and managing those risks that cannot be prevented; and - Develop and implement procedures for safe use, storage and handling of perc and petroleum solvents.
Goal 5: Compliance and Environmental Stewardship	Objective 5.1: Improve compliance. Strategic target: - Increase recordkeeping compliance by 25 percent; - Provide compliance assistance to 25 percent of dry cleaners; and - Provide compliance incentives. Objective 5.2: Improve environmental performance through pollution prevention and innovation. Strategic target: - Improve pollution prevention activities by 25 percent.

5) Transferability

The program will serve as a model to other states. They may utilize the federal requirement portion of the MERP, and adapt it for use in their respective state environmental programs.

The dry cleaner self-certification project will use the MDEQ resources and leverage outside community partners including USEPA Region V, local trade associations, community organizations, businesses, and economic development agencies. The MDEQ will take a multi-media approach to prepare fact sheets, self-assessment checklists, a workbook for guidance on how to complete the self-assessment checklists, and compliance assistance tools for the dry cleaning establishments on pollution prevention, solid and hazardous waste generation, air and water pollution (including release notification). Additional training will be provided through on-site assessments and workshops. Again, the tools will also be available as models for other states.

The MDEQ intends to make as many of its compliance assistance tools available on the Web site for review by both industry sector participants, community partners and organizations, and other states interested in replicating MERP project.

Initially, the MDEQ had considered the auto body shops, underground storage tanks, salvage yards, and dry cleaner sectors to pilot the MERP. The dry cleaner sector was selected based upon several factors. At the completion of the dry cleaner sector MERP pilot, the MDEQ can evaluate the success of utilizing the MERP tools developed through this pilot project, and the viability of transferring these tools to another targeted sector of interest, such as salvage yards. The lessons learned through the sector selection process will be documented and compiled in a step-by-step approach that will be made available for other states' use.

6) Public Involvement

The MDEQ will convene a meeting of facilities, environmental councils, chamber of commerce, small business associations, and dry cleaning sector association representatives as stakeholders of the MERP project. The stakeholder's members will also include the USEPA.

Additionally, many of Michigan's dry cleaner establishments are located in communities which face multiple stresses that involve an intermingling of economic, environmental, and social issues. By seeking out and improving an establishment's environmental performance, the MERP project may improve or establish a new level of oversight and dialogue between community residents and establishment owners/operators. In turn, the MDEQ hopes that the dry cleaner business becomes a good environmental steward to the local community and state by increasing the interaction between businesses, residents, and regulatory agencies.

The MDEQ intends to make as many of its compliance assistance tools available on the MDEQ Web site, for review by both industry sector participants, community partners and organizations, and other states interested in replicating MERP project.

F. QUALIFICATIONS

The MDEQ, ESSD has been providing compliance and technical assistance and pollution prevention information and outreach since 1987, when the Office of Waste Reduction Services was established as a joint office of the Michigan Department of Commerce, and the Michigan Department of Natural Resources. The Pollution Prevention and Compliance Assistance (P2CA) Section of ESSD performs non-regulatory environmental assistance that emphasizes

compliance utilizing pollution prevention and BMPs through voluntary incentive programs, published informational materials, workshops, Internet site, information and technical assistance, and the integration of pollution prevention and BMPs into the MDEQ regulatory functions. The P2CA Section is staffed with approximately 40 compliance and technical assistance personnel, who provide support services through outreach and publications. All but eight of the P2CA Section positions are funded through the State of Michigan waste reduction fees.

Ms. Marcia Horan, Section Chief, P2CA Section, ESSD has over 17 years experience in manufacturing technical assistance and environmental programs, and grant administration.

Teresa Kinder, Senior Environmental Engineer, P2CA Section, ESSD has worked for the MDEQ for the past ten years, as well as worked with all of the MDEQ divisions to gain a stable multi-media background. She has managed and successfully completed several high profile and technically demanding projects. Prior to working at the MDEQ, she worked as a project manager in a consulting engineering business, which adds to her project management experience.

G. TOTAL PROJECT COST: $199,200

Item	Total Project Costs	Proposed State Leverage Funds	EPA Funding
Staff Salaries and Benefit	$119,130	$39,813	$79,317
Travel	$4,200	$1,404	$2,796
Supplies	$45,500	$15,206	$30,294
Service Contract	$125,870	$42,073	$83,797
Other*	$4,500	$1,504	$2,996
TOTAL	$299,200	$100,000	$199,200

*Other: Department of Information Technology

This project will not generate program income.

H. DETAILED ITEMIZED BUDGET:

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
COOPERATIVE AGREEMENT BUDGET DETAIL
01/01/05 - 09/30/08

I. SALARIES				
Positions	**FTE**	**Annual Salary**	**Subtotal**	**Total**
Senior Environmental Quality Analyst	**0.6**	**55,604**	**32,984**	
Sr. Environmental Engineer	**0.6**	**62,400**	**37,016**	
TOTAL SALARIES				**$70,000**
II. FRINGES				
Includes longevity, health insurance, long term disability insurance, life insurance, dental insurance, vision insurance, child-care information, FICA, retirement				
Approximate percentage		**42.86%**		
TOTAL FRINGES				**$30,000**
III. TRAVEL				
2 persons will various ERP workshops				
Transportation/Airfare			**2,452**	
Lodging - 7 days @ $81			**567**	
Meals - $37.50/day			**525**	
			3,544	
Site visits - 2,000 miles @ $.328/mile			**656**	
TOTAL TRAVEL				**$4,200**
IV. SUPPLIES				
Postage/UPS			**500**	
Printing			**20,000**	
Inspectors Electronic Devices (5 Qty)			**25,000**	
TOTAL SUPPLIES				**$45,500**
V. CONTRACTUAL				
Program and data management				
TOTAL CONTRACTUAL				**$125,870**
VI. OTHER				
Information Technology costs			**4,500**	
TOTAL OTHER				**$4,500**
TOTAL DIRECT				**$280,070**
INDIRECT - 19.13% on total personnel costs				**$19,130**
TOTAL BUDGET				**$299,200**
Federal Share - 66%				**$199,200**
State Share - 34%				**$100,000**

* Other: Department of Information Technology

I. REPORTING REQUIREMENTS

The MDEQ will prepare quarterly reports on the progress of the MERP State Innovation Grant project. These reports will track completion of project milestones, expenditures of funds, important outcomes, and unexpected problems or issues.

The MDEQ will provide a final project report to both the USEPA Region V and the National Center for Environmental Innovation. The final report will assess the overall success of the project and address issues related to transferability identified within the proposal. The MDEQ will submit the quarterly and final reports to the USEPA Region V Project Officer and a copy to the Office of Policy, Economics, and Innovation's State Innovation Grants Coordinator.