The State Innovation Grant Program

In 2002 EPA introduced the State Innovation Grant Program to support efforts led by state environmental agencies to test innovative approaches for achieving better environmental results and improved efficiency in permitting programs. Between 2002 and 2007, the State Innovation Grant program competition awarded over six million dollars to support 35 state projects that test permitting innovation for a variety of regulated entities including several small business sectors. A summary of the awards by year appears in the table below.

<table>
<thead>
<tr>
<th>Competition</th>
<th>Proposals Submitted</th>
<th>Proposals Selected</th>
<th>Total Program Funding ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/2003</td>
<td>29</td>
<td>6</td>
<td>$618,000</td>
</tr>
<tr>
<td>2004</td>
<td>33</td>
<td>9</td>
<td>$1.425 Million</td>
</tr>
<tr>
<td>2005</td>
<td>26</td>
<td>7</td>
<td>$1.479 Million</td>
</tr>
<tr>
<td>2006</td>
<td>25</td>
<td>6</td>
<td>$1.243 Million</td>
</tr>
<tr>
<td>2007</td>
<td>17</td>
<td>7</td>
<td>$1.611 Million</td>
</tr>
<tr>
<td>Cumulative</td>
<td>130</td>
<td>35</td>
<td>$6.376 Million</td>
</tr>
</tbody>
</table>

“Innovation in Permitting” has been the theme of the State Innovation Grant competition since its inception. In the last three competition cycles states received awards for projects in the following three categories:

- **The Environmental Results Program (ERP)** is an innovative approach to improving environmental performance based on a system of the interlocking tools of compliance assistance, self-certification (sometimes, where permissible, in lieu of permitting), and statistically-based measurement to gauge the performance of an entire business sector. The program utilizes a multimedia approach to encourage small sources to achieve environmental compliance and pollution prevention. (See: http://www.epa.gov/permits/erp/)
- **Environmental Management System (EMS)** is a system involving a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. EMSs provide organizations of all types with a structured system and approach for managing environmental and regulatory responsibilities to improve overall environmental performance and stewardship. (See: www.epa.gov/ems/info/index.htm)
- **Performance Track** is a partnership that recognizes top environmental performance among participating US facilities of all types, sizes, and complexity, both public and private. (See: http://www.epa.gov/performancetrack/)

NCEI has provided awards also for projects testing watershed-based permitting, and for permit process streamlining in past competitions. For more information on the history of the programs, including information on solicitations, state proposals, and project awards, please see the EPA State Innovation Grants website at http://www.epa.gov/innovation/stategrants.

**Project Background:**

Over the past several years environmental compliance by dry cleaners has become a focus for the Nevada Department of Environmental Protection (NDEP). The population of Nevada is predominantly urban but concentrated in the metropolitan areas of Reno/Sparks in Washoe County and Las Vegas/Henderson in Clark County. Eighty-seven percent of Nevada’s population resides in these two counties and a wide variety of air and water quality concerns exists in these communities. These areas were selected for participation in a Dry Cleaner Environmental Results Program (ERP) because dry cleaners tend to concentrate in metropolitan communities, and are subject to regulation through water discharge pretreatment programs, local air quality management programs, and hazardous waste management programs of the district health departments.

The State legislature established a remediation district in Washoe County with a tax assessment used to investigate and remediate historic Perchloroethylene (PCE) contamination of groundwater in the Truckee Meadows. Sewer sampling indicated elevated levels of PCE in sewers downstream of dry cleaners (similar concerns about PCE contamination near primary sewer lines in Clark County also exist). The resulting attention to the dry cleaning sector has brought local agencies together in improving environmental performance of the dry cleaner sector to protect groundwater from future contamination.

**Project Description:**

With resources provided through a US EPA State Innovation Grant, NDEP is adapting the dry cleaning ERP model originally developed by Massachusetts and later implemented in Michigan for use in the two most highly populated counties of Nevada. For NDEP, the adoption of a dry cleaner ERP will require collaboration with county regulatory agencies to transform local single-media agency programs into an integrated, multi-agency, multimedia ERP for this sector. The project requires establishment of a baseline of dry cleaner environmental compliance and performance, outreach and assistance to dry cleaners, a multi-media self-certification program for dry cleaners, and a follow-up assessment that measures improvements in dry cleaner compliance and environmental performance. The project will concentrate on the metropolitan areas of Reno/Sparks in Washoe County, and Northern Las Vegas/Las Vegas/Henderson in Clark County. The project provides state and local agencies with experience in developing and implementing an ERP and collaborating in a multi-agency framework to address...
improvement of environmental regulation and environmental performance through innovation. The NDEP dry cleaner ERP will work in conjunction with the Nevada Small Business Development Center (NSBDC) Business Environmental Program (BEP) and the University of Nevada, Reno (UNR). The ERP will address regulatory requirements established under the Resource Conservation and Recovery Act (RCRA), the Clean Water Act (CWA), and the Clean Air Act Amendments (CAA).

Year One:

**Washoe County:**
- Establish state/local agency ERP workgroup.
- Develop multi-media inspection checklist and EBPIs and train inspectors on use of checklist/EBPIs.
- Conduct baseline inspections and compile inspection results.
- Develop compliance manual and compliance forms and deliver materials in a dry cleaner compliance/BMPs workshop.

**Clark County:**
- Establish state/local agency ERP workgroup.

Year Two:

**Washoe County:**
- Implement compliance self-certification/return to compliance form program.
- Targeted inspections of dry cleaners.

**Clark County:**
- Expand project to Clark County.
- Announce project, create ERP stakeholder focus group.
- Customize multi-media inspection checklist and EBPIs for Clark County.
- Conduct baseline inspections.
- Customize compliance manual and compliance forms for Clark County jurisdictions and deliver materials through dry cleaner compliance/BMPs workshop.

Year Three:

**Washoe County and Clark County:**
- Continue implementation of compliance self-certification/return to compliance form program.
- Post-certification project outcome inspections of dry cleaners.
- Compile project outcome results.

Year Two or Three:

Host ERP information exchange national meeting.

This grant-funded project is expected to last until June 2010.

Connection to EPA’s Goals

The proposed ERP is aligned with EPA’s Innovation Strategy by addressing the priority areas of maintaining water quality by preventing the contamination of drinking water and by addressing concerns of PCE contamination from sewer lines, and the development and demonstration of an ERP. The ERP objective of improved multi-media compliance and environmental performance meets EPA's Strategic Goals (Goal 1) by reducing air emission of PCE through improved compliance with the CAAA and NESHAP for PCE Dry Cleaning, (Goal 2) by reducing the risk of groundwater contamination with PCE through improved compliance with RCRA and CWA pre-treatment programs, (Goal 3) by reducing the potential for soil contamination and minimizing waste generation, (Goal 4) by protecting human health from chemical risks associated with PCE, and (Goal 5) by improving environmental performance through pollution prevention and innovation.

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