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EPA INNOVATION GRANT PROPOSAL FOR 2009-2011**PRE-PROPOSAL PROJECT SUMMARY INFORMATION PAGE**

Project Title and Location: SUPPORT FOR STRENGTHENING THE OKLAHOMA STAR
INCENTIVE ON-RAMP PROGRAM WITH EMS
IMPLEMENTATION AND IMPROVED DELIVERY FOR
PERFORMANCE-BASED PROGRAMS

Name of Applicant Agency: Oklahoma Department of Environmental Quality

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Total Project Cost: Total Budget: \$227,000
Requested from EPA: \$167,000
Leveraged, Non-federally Funded Staff Time: \$60,000

Project Period: October 1, 2009 – September 30, 2011

Project Abstract:

The Oklahoma Department of Environmental Quality strives to prevent new adverse environmental impacts and to enhance both the environment and the economy of Oklahoma. Small businesses, government (state and local) are the primary employers in the state. Their cumulative environmental impact is considerable and many lack the resources and training to improve performance and efficiency. The DEQ has established an incentive program designed to assist in achieving and maintaining compliance. The OKStar Incentive Program also provides a path of continual improvement. DEQ will seek to enhance this program by providing support to implement ISO compliant environmental management systems (EMS) and make their organizations achieve sustainable results in today's changing marketplace. DEQ's partners in this project will be the Oklahoma Quality Foundation and the Oklahoma Quality Institute. Additional EMS expertise will be contracted. DEQ and partners will produce outreach materials, provide training and workshops and develop a project website. DEQ anticipates that this project will yield an improvement in compliance in excess of 20%. Environmental Business Practice Indicators will be established that would help to quantify compliance improvement and pollution prevention. The project will provide an on-ramp to both the DEQ Environmental Performance and Recognition Program and National Environmental Performance Track and support organizations in achieving performance beyond regulatory compliance.

Statutory Authority and Flexibility:

All of Oklahoma's regulatory provisions are driven by Federal regulations. No additional authority or flexibility is anticipated at this time.

Certification of State Agency Support from the Highest Level:

The Executive Director of the Oklahoma Department of Environmental Quality endorses this project.

**Support for Strengthening the Oklahoma Star Incentive On-Ramp Program with EMS
Implementation and Improved Delivery for Performance-Based Programs
Pre-Proposal Project Narrative**

1. Problem to Be Addressed By the Project

This project will focus on enhancing the OKStar Incentive Program to improve its function as an on-ramp for both the Environmental Performance and Recognition Program (EPRP) and National Environmental Performance Track (NEPT). These environmental stewardship programs encourage businesses, industry and communities to go beyond compliance activities to better protect the environment while improving organizational performance, efficiency and competitiveness. Participation will provide support to communities that seek to enhance economic development and plan for sustainability. The OKStar will supply support to achieve better environmental results, while focusing more on outcomes such as reduced emissions and higher compliance rates. DEQ believes that the ultimate result of this effort will be an overall improvement in environmental quality within the state and a significant step towards the long-term goal of sustainability.

2. Project Goals & Expected Environmental Outcomes

This project is a systems-oriented approach that will focus on the next phase in the evolution of performance-based environmental programs in Oklahoma. Incorporating the Baldrige Criteria for Performance Excellence will assist the participating organizations (industrial facilities and local governments) in integrating organizational and environmental performance; building an “innovation-friendly” organizational culture and system. This effort will be readily transferable to the other state performance-based programs nationwide and to EPA offices with minor alterations for organization-specific needs. DEQ will build on its previous experience to undertake this innovative project and believes that the result will be a model for other states and EPA offices as their performance-based programs mature. The project represents a comprehensive and strategic approach to integrating the concepts of a voluntary performance-based program with tested business approaches for enhancing competitiveness, quality, productivity and organizational sustainability.

3. Project Background

The EPRP was launched as a pilot in 2001 as a voluntary recognition and incentive program for facilities of all types. The pilot sought to encompass the national Malcolm Baldrige criteria that are designed to enhance the competitiveness, quality and productivity of organizations. The Baldrige criteria provide a systems perspective for understanding performance management and reflect validated, leading-edge management practices. They also represent a common language for communication among organizations for sharing best practices and serve as the model for performance excellence. The EPRP sought to incorporate the traditional Baldrige criteria into environmental management in the development and implementation of a performance-based environmental management system. With the EPRP participating facilities would demonstrate a record of sustained compliance with environmental requirements and a commitment to implement “beyond compliance” pollution prevention activities. The program would provide recognition on three levels: Commitment –for facilities in the early stages of developing an EMS and beginning to see some measurable results; Achievement –for facilities that have successfully developed an EMS with a functioning P2 program; and Excellence –for facilities that have had an EMS in place for a full cycle and that have had an independent third-party audit of their EMS conducted. Compliance requirements are the same for all levels of the program. However, the pilot showed that the application process and the EMS requirement proved a deterrent to participation.

The OK Star Incentive Program, another voluntary program that ranks participants on three levels — Gold, Silver and Platinum, was launched in 2003. The intent was to use this program to provide an on-ramp to the EPRP and, possibly, NEPT. Participants would receive support and encouragement towards implementation of a performance-based EMS. Each level is achieved by meeting specific performance criteria. The program recognizes facilities that achieve and maintain compliance and go beyond the regulations to protect the

environment and promote employee safety. A review committee reviews applicants to determine the level of recognition. Facilities are provided with logos and decals to be displayed on location and used in advertising. Additionally, the agency provides media promotion in recognition of a facility's accomplishment.

Oklahoma has a relatively small number of facilities with EMSs in place. There is no state legislation or incentive to support implementation of EMSs. It has proven a difficult task to get facilities interested in EMSs. We have partnered in the past year with the OK Safety council to host seminars and workshops that provide an introduction to EMSs and the interconnectedness of overall business management systems.

Since the creation of the EPRP and OKStar programs seven years ago, the P2 Program has come to be regarded as a state leader on issues related to performance-based programs, particularly those related to implementation of non-regulatory approaches that provide increased operational flexibility for the facility and greater results for the environment. However, recruitment has been slow and difficult. This difficulty may be attributed to several factors including a lack of statutory requirements and the natural reticence of Oklahomans to "join" anything. At present, there are 10 facilities that are OKStar participants, representing various types of operations. There is one federal participant in the EPRP. DEQ believes that this broad approach is critical to the ultimate success of the program because all types of facilities can have an important role to play in environmental protection and leadership. The ultimate goal of these programs is to move toward a new type of environmental protection system based not only on regulatory requirements but also on rewards, incentives, the encouragement of innovation, integrating the environment into business decision making.

4. Key Milestones & Schedule

1. Establish Project Management Process: Primary staffing of the project will be through the existing Pollution Prevention Program staff. A Project Oversight Committee will be created consisting of representatives of Air, Water, and Land Protection divisions, P2P program staff, a representative of the P2P Advisory Group and a representative of the OQAF to provide the general direction and oversight of the project and to report periodically on its progress to DEQ's Executive Division Directors. (October 2009)
2. Provide Opportunities for Public Involvement/Stakeholder Input: The Project Oversight Committee will meet with representatives of the OKStar participants to discuss project goals, schedule and expected outcomes and revise the project plan and schedule as necessary based on feedback from stakeholders. Updates on the project will be provided (and feedback sought) from the Division Directors. Non-governmental organizations will be invited to participate in the development of the awards program. (October 2009)
3. Design Recruitment Strategy: The Project Oversight Committee will use input from stakeholders to design a recruitment strategy that will reach potential targeted organizations — industrial facilities; communities and local governments; schools. While the majority of participants are expected to be industrial facilities DEQ plans to have at least one community and possibly one school system/site as participants as well. (October - December 2009)
4. Hire Contractor(s): DEQ will hire qualified contractors to provide project support by providing quarterly training and support for EMS implementation, application of criteria for performance excellence that may include on-site assistance, researching, document drafting, meeting facilitation, training module development and delivery, and other tasks included in the project. (December 2009)
5. Develop presentations: P2 Program staff will develop presentations describing the benefits of participation in the program. (October 2009)
6. Provide on-site assistance: P2 Program staff will provide on-site compliance assistance to participants. (Ongoing)
7. Contractor Tasks:
 - a. OKStar Policy and Procedures Review: Conduct a review of the current status of OKStar — policies and procedures development and implementation. Make initial recommendations for Project Oversight Committee review regarding improving information flow and facilitating the development and implementation of incentives. (January 2010 – February 2010)

- b. Review of Incentives for EPRP Facilities: Conduct a review of incentives or benefits (both formal and informal) provided to facilities in similar programs (“EPRP-like”), building on the research conducted for the ECOS/EPA Performance-Based Programs Project for best practices from other states. (March 2010 – May 2010)
- c. Conduct baseline surveys: Work in conjunction with inspectors to conduct baseline compliance surveys for applicants.
- d. Recommendations for Incentives Delivery Plan: Develop recommendations for Project Oversight Committee review for implementation of incentives. The Project Oversight Committee will make recommendations to the Division Directors regarding the delivery of incentives to EPRP participants. The approved recommendations will be incorporated into the EPRP guidance documents. (May 2010 – August 2010)
- e. Organize and Facilitate EMS Enforcement Forum: Organize and conduct a forum for DEQ (and possibly EPA) staff to explore the potential incentives for promoting environmental management systems through DEQ’s enforcement program, including the use of Supplemental Environmental Projects. Based on outcome of the forum, the Project Oversight Committee will make recommendations to the Division Directors. (September 2010)
- f. Promotion of Private Sector Incentives: Investigate options and develop recommended strategies for consideration by the Project Oversight Committee for promoting private sector incentives and benefits for EPRP facilities. DEQ is aware of efforts within the private sector (including the insurance industry, bond rating and market rating professionals, etc.) to recognize and reward the high-performance of facilities such as those in targeted for EPRP. Organize and conduct a forum for relevant financial sector institutions. (Fall 2010 – Winter 2011)
- g. Develop and Deliver Training Program for EMS Implementation: Conduct a review of other state and federal programs to identify existing tools, outreach strategies and training programs for potential use during the project. Develop a training plan and materials for participants (and possibly for DEQ staff). Training and assistance will be delivered quarterly. The Project Oversight Committee will make recommendations to the Division Directors who will make a decision as to whether employees will be required to attend the training and at what frequency. If necessary, conduct staff training and incorporate into EPRP guidance documents. (Spring 2009 – Spring 2010)
- h. Develop and Deliver Training Program for Criteria for Performance Excellence: Many organizations are initially overwhelmed by the perceived complexity of the Baldrige Criteria for Performance Excellence. This training would provides “quick-start”, hands-on understanding of the interrelatedness of the criteria items, the Baldrige Core Values, and the meaning of systems set within the context of the Criteria. Training and assistance will be delivered quarterly. The Project Oversight Committee will make recommendations to the Division Directors who will make a decision as to whether employees will be required to attend the training and at what frequency. If necessary, conduct staff training and incorporate into EPRP guidance documents. (Spring 2009 – Spring 2010)
- i. Review of DEQ Information Management System for Opportunities: Research and make recommendations to the Division Directors regarding increasing the visibility of and content related to EPRP available to DEQ program and regulatory staff through the Department’s primary compliance and permitting data system. (Spring 2009)
- j. Develop EPRP Guidance Documents: Develop a EPRP Guidance Manual through the review of existing processes, interviews with appropriate staff and review of relevant materials from other states and EPA that addresses the following topics: application/renewal process; review of applications; member services; incentives (development and delivery); conducting facility site visits; annual performance reporting; data and website management; recruitment; DEQ in-reach; and, compliance screening. The Guidance Manual will include sample documents and language to use by P2 Program staff as well as regulatory program staff (e.g., sample language to be inserted into inspection reports and other correspondence between DEQ and regulated facilities promoting EPRP). (Winter 2010 – Summer 2011)

- k. Develop Environmental Excellence Awards Implementation Plan: Review options and make recommendations to the Division Directors for implementation of an “Environmental Excellence Awards” program to EPRP. This process will involve participation of various stakeholders, including the OK Alliance, OK Quality Award Foundation, OK State Chamber of Commerce and non-governmental organizations. (Winter – Spring 2011)
- l. Conduct End-of-Project Survey of DEQ Managers: Conduct survey of DEQ managers at the end of the project to assess whether knowledge of EPRP has increased as a result of the project. (Summer 2011)
- m. Conduct End-of-Project Review of OKStar/EPRP Results: Conduct review to determine whether EPRP participation rates have increased over the project term. Conduct a review of OKStar and EPRP annual performance reports and Toxics Release Inventory reports to determine the environmental outcomes of the initiative. (Fall 2011)

5. Link to EPA’s Strategic Goals

Due to its multimedia focus on recognizing and rewarding beyond compliance environmental results at all types of facilities, this project will directly align with EPA’s Goal 5 (Compliance and Environmental Stewardship) and specifically to Sub-objective 5.2 “Improve Environmental Performance Through Pollution Prevention and Innovation.” It will also indirectly support Goals 1 (Clean Air and Global Climate Change), 2 (Clean and Safe Water), 3 (Land Preservation and Restoration) and 4 (Healthy Communities and Ecosystems) via the environmental improvements resulting from increased participation in OKStar and EPRP and the possible increased implementation of incentives.

6. Innovative Changes in Management & Regulatory Processes

As outlined above, this project will result in changes in participants’ use of EMS and Baldrige criteria in business decision making resulting in increased profitability and organizational sustainability. Additionally, DEQ’s management participation will significantly increase the agency’s ability to promote incentives and provide support for high-performing facilities. Specifically, a Guidance Manual for EPRP, which will govern all aspects of the program and include policies and procedures, will be developed. This manual will be made available to staff via the DEQ intranet and to the public via the agency’s external web page.

7. Program Authority and Coordination with EPA

In 2005 DEQ entered into a Memorandum of Agreement with EPA regarding the OKStar program. The MOA with EPA Region 6 outlines the two agencies’ commitment to support of OKStar and the Resource Conservation Challenge and the National Partnership for Environmental Priorities (NPEP). Under this MOA participants in the NPEP will qualify for the OKStar Gold level.

From late 2004 to the present, Oklahoma has been an active participant in the ECOS/EPA Performance-Based Programs Project. Participation has included two surveys of states, the development of a detailed set of recommendations on incentives, integration and marketing for EPA’s senior managers, and implementation of a number of those recommendations. This project will directly build on the recommendations coming out of that effort.

8. Outcome Goals & Measures

There are both short- and long-term outcomes expected as a result of the project.

- 1. Initially, an increase in the number of facilities seeking acceptance into OKStar as a result of an increase in knowledge and understanding of the programs on the part of the DEQ staff most frequently interacting with facilities (e.g., inspectors, permit writers, trainers, etc.) is expected.
- 2. There will be increased interaction with local government and education sectors.
- 3. In the short term there will be improved partnerships between federal and state government and industry.
- 4. Increased participation in OKStar, EPRP and NEPT is an expected intermediate outcome.
- 5. There will be an increase in EMSs implemented.

6. An increase in the number of facilities seeking acceptance into the EPRP as a result of the support and training supplied by staff and contractors. (This could lead to an increase in applications to NEPT.)
7. Over a longer term, DEQ expects that there will be a greater understanding of the programs on the part of facilities whose environmental performance has been sub-standard; therefore, an expected outcome would be an improvement in compliance rates and overall environmental performance (which is strongly related to worker and community health).
8. Over the course of the project, DEQ expects that more incentives will be requested and delivered as a result of the increase in staff understanding (and resultant promotion).

The following list summarizes the expected outputs/outcomes:

1. Short term (attitude): Surveys of DEQ managers at the beginning and end of the project.
2. Short term (attitude): Surveys of participants at the beginning and end of the project.
3. Intermediate term (decisions): Tracking of OKStar and EPRP participation rates over the course of the project.
4. Intermediate term (reduction of environmental releases): Tracking of OKStar and EPRP accomplishments through the annual performance reporting process.
5. Intermediate term (reduction of chemical releases): Tracking required facility chemical release reporting to Local County Emergency Planning Committees (LEPCs) and USEPA; and Toxic Release Inventory (TRI) data trends
6. Long term (compliance): 20% increase of Oklahoma facilities in performance of environmental stewardship with EMSs and participation in OKStar, EPRP, and NEPT Programs

9. Summary of Reporting on Past Performance of Environmental Results

Data from OKStar participants has been transmitted to the National P2 Results System. Outputs include progress reports, workshops, seminars, manuals, brochures, guidance documents and site assistance visits (SAV). The P2 Program staff (1FTE, 2 PT) conducted 21 SAVs from October 2006 to September 2008. During this same period we hosted or co-sponsored 17 workshops for multi-media compliance assistance for general industry; food and beverage service; and automotive service and repair. We also hosted 4 EMS training events in July 2008.

Outcomes included permits for previously unidentified unpermitted facilities; changes in hazardous waste generator status; and changes in health and safety procedures. Additionally, OKStar facilities reported the following reductions from 2005-2007: 116,461 gallons water; 172,306 kWh energy; 40,000 lb. hazardous waste; 15 tons VOC; waste to landfill from facility reduced by 67 cubic yards. Recycling (with community) within the same period included 110,800 lb. paper; 276,500 lb. plastic; 2,000 lb. aluminum; 2,000 lb. glass; 40 ton cardboard. Other recycling (or reuse) from industrial processes included 900,000 lb molding plastic.

10. Summary of Programmatic Capability

The P2 Program Unit in the Land Protection Division has responsibilities for P2, Recycling, Environmental Education, and Special Projects (e.g. sustainability and environmental management systems). The staff consists of a full time manager (in this position for 16 years); a full time Health Educator (15 years); a full time Environmental Technician (16 years); 2 part time Environmental Specialists (2years, 1 year). Additionally, the unit receives the committed support of the Director of Waste Programs and has unlimited access to hazardous and solid waste inspectors, and other employees of the Land Protection Division. The establishment of the Project Oversight Committee and its communication with DEQ Division Directors will encourage and enhance the support of all Divisions.

During the past 16 years the P2 Program has developed a strong network statewide with partners in both the public and private sectors. The unit and staff have established reputations of competence and professionalism with an in-depth knowledge of industrial and business processes. The staff routinely delivers educational presentations to businesses and community organizations, as well as students. There is a documented history of excellent customer service and teamwork.

11. Project Budget Summary

State: Oklahoma
Agency: Oklahoma Department of Environmental Quality (DEQ)
Project Title: Support for Strengthening the Oklahoma Star Incentive On-Ramp Program with EMS Implementation and Improved Delivery for Performance-Based Programs
Location: Oklahoma
Proposed Project Period: October 2009 – September 2011

	Total Project Costs	Proposed State Leverage Funds	EPA Funding
Staff Salaries, Benefits & Indirect	\$ 60,000	\$ 60,000	\$
Travel	\$ 10,000	\$ 0	\$
Supplies	\$ 2,000	\$ 0	\$
Other	\$ 5,000		
Service Contract	\$150,000	\$	\$167,000
TOTAL:	\$227,000	\$ 60,000	\$167,000

Support for Strengthening the Oklahoma Star Incentive On-Ramp Program with EMS Implementation and Improved Delivery for Performance-Based Programs

