

US EPA ARCHIVE DOCUMENT

**EPA STATE INNOVATION GRANT PROPOSAL:
VIRGINIA DEQ PROJECT NARRATIVE/WORKPLAN**

Project Title and Location: Infrastructure and Capacity Building for Improved Incentive Development and Delivery for Performance-Based Programs

Name of Applicant Agency: Virginia Department of Environmental Quality

Name of Project Contact: Contact Person: Sharon K. Baxter
Title: Pollution Prevention Director
Department: Office of Pollution Prevention
Agency: Virginia Department of Environmental Quality
Address: 629 E. Main Street
P.O. Box 10009
Richmond, Virginia 23240-0009
Telephone: (804) 698-4344
Fax: (804) 698-4533
E-mail: skbaxter@deq.virginia.gov

Funding Requested: \$225,000

Project Period: October 2006 – September 2009 (dependant on date of approval)

Project Overview: The Virginia Department of Environmental Quality will focus on building capacity within the agency to better integrate the Virginia Environmental Excellence Program (VEEP) and Performance Track (PT) in terms of policies, procedures and the delivery of incentives. Both VEEP and PT recognize and provide incentives for beyond compliance multi-media environmental performance achieved through environmental management systems and pollution prevention. VEEP and PT both require participating facilities to submit annual reports on many environmental indicators; as of 2006, VEEP annual reports will be submitted via an online system, which will facilitate future analysis. The project will establish a Project Oversight Committee that reports regularly to DEQ's Executive Management Team comprised of high level agency managers. DEQ will conduct a forum to promote private sector incentives by investigating options and developing strategies that follow-up on and encourage private sector interest to recognize and reward the high performance of VEEP and PT facilities. The project will provide opportunities for public involvement and stakeholder input, including non-governmental organizations. The systems approach and lessons learned from this project are expected to be readily transferable to other states and to EPA with only minor alterations to address organization-specific needs.

Problem Statement: This project will focus on building capacity among the core regulatory programs within DEQ to better integrate VEEP and PT in terms of policies, procedures and the delivery of incentives. DEQ believes that the ultimate result of this integration will be an overall improvement in environmental quality within the Commonwealth and a significant step towards the long-term goal of sustainability.

Project Goals & Expected Environmental Outcomes. This project is a systems-oriented approach that will focus on the next phase in the evolution of the Virginia Environmental Excellence Program (VEEP): full integration of the program within the policies, procedures and activities of the various components of the Department of Environmental Quality (DEQ), including the three Central Office media offices as well as the seven regional offices, resulting in a more “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 only minor alteration 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. As outlined below, the project represents a comprehensive and strategic approach to integrating the concepts and day-to-day operations of a voluntary performance-based program within a state environmental agency. An expected result is an increase understanding and encouragement of the use of EMSs, which potentially improves environmental performance and level of VEEP and PT membership.

Project Logic Model: See attached.

Current Situation and Need. DEQ launched VEEP in 2000 as a voluntary recognition and incentive program for facilities of all types. The three primary requirements for VEEP participation are the development of environmental management systems (EMS), a record of sustained compliance with environmental requirements and a commitment to implement “beyond compliance” pollution prevention activities. There are three levels of the program: E2, for facilities in the early stages of developing an EMS; E3, for facilities that have successfully developed an EMS; and, E4, 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. Facilities accepted into PT are automatically considered VEEP E4 facilities. Participation requires a record of sustained compliance: no criminal convictions for environmental offenses within the previous five years; no more than two significant environmental violations within the previous three years; no unresolved notices of violations of environmental requirements; compliance with any consent orders from any of DEQ’s citizen boards; and, no demonstration of an unwillingness or inability to comply with environmental protection requirements.

Since the creation of the VEEP program almost six years ago, Virginia has come to be regarded as a leader nationally on issues related to performance-based programs, particularly those related to implementation of regulatory approaches that provide increased operational flexibility for the facility and greater results for the environment. At present, there are more than 400 facilities participating in VEEP, representing various types of operations, from local governments (45%) state agencies (2%), federal agencies (27%), manufacturers (10%), commercial operations (13%) and small businesses (3%). DEQ believes that this broad approach is critical to the ultimate success of the program because all types of facilities can play an important role in environmental protection and leadership. The ultimate goal of VEEP is to move toward a new type of environmental protection system based not only on regulatory requirements but also on rewards, incentives and the encouragement of innovation.

Objectives and Public Benefits. There are both short- and long-term outcomes expected as a

result of the project. Initially, an increase in the number of facilities seeking acceptance into VEEP or PT 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. For the same reason, 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). 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). See graphic on page 9. The following list summarizes the expected outputs/outcomes:

1. Short Term: Increase in the level of understanding of VEEP and PT programs by DEQ staff
2. Short Term: Increase in the level of awareness by VEEP and Virginia facilities of private sector incentives available
3. Short Term: Increase in the number of private sector incentive opportunities taken advantage of by VEEP and Virginia PT facilities
4. Intermediate Term: Increase in the promotion and integration of the VEEP and PT programs within DEQ regulatory programs
5. Intermediate Term: Increase in the number and quality of VEEP and PT applicants
6. Intermediate Term: Greater retention of VEEP and PT facilities
7. Long Term: Multimedia environmental improvements in water conservation, reduced water releases, reduced air emissions, reduced solid and hazardous waste generation, increased purchase of environmentally preferable products and energy conservation.

Schedule of Key Processes and Outcome Milestones (deliverables are indicated with an *)

	Task	Task Description	Start Date	End Date
1.	Establish Project Management Process	An internal committee (Project Oversight Committee or POC) will be created consisting of representatives of Central Office media offices, regional offices and VEEP program staff to provide the general direction and oversight of the project and to report periodically on its progress to DEQ's Executive Management Team (EMT), which is composed of senior DEQ managers. The EMT, which meets quarterly, will make all policy decisions related to the project (except those delegated to the POC) and direct appropriate agency staff to implement the approved recommendations.	30 days after grant acceptance	N/A
2.	Develop Strategy for Public	The POC will meet with representatives of the recently created VEEP	30 days after grant	60 days after grant

	Involvement/ Stakeholder Input	Participants Association and others interested in the program to discuss project goals, schedule and expected outcomes and revise the project plan and schedule as necessary based on feedback from stakeholders.	acceptance	acceptance
3.	Project Updates	Updates on the project will be provided (and feedback sought) at the annual VEEP meeting, the annual Environment Virginia conference and the VEEP web site. Non-governmental organizations will be invited to participate in those forums as well as in the development of the awards program.	October 2006, April 2007, April 2008	N/A
4.	Hire Contractor	Hire a qualified contractor to provide project support, including researching, document drafting, meeting facilitation, training module development and delivery, and other tasks included in the project.	60 days after grant acceptance	N/A
4a.	VEEP/PT Policy and Procedures Review	Conduct a review of the current status of VEEP and PT policies and procedures development and implementation. Make initial recommendations for POC review regarding improving information flow and facilitating the development and implementation of incentives and other procedures.	90 days after grant acceptance	12 months after review is initiated
4b.	Baseline Survey of DEQ Managers*	Develop, conduct and analyze baseline survey of DEQ managers prior to implementation of in-reach training to assess knowledge of VEEP and PT	90 days after grant acceptance	2 months later
4c.	Review of Incentives for VEEP/PT Facilities Provided to Date	Conduct a review of incentives or benefits (both formal and informal) provided to date to VEEP and PT facilities (February 2007 – April 2007)	150 days after grant acceptance	3 months later
4d.	Incentives Delivery Plan Improvement Recommendations	Develop recommendations for POC review for implementation of incentives; the POC will forward its recommendations to the EMT to be incorporated into the VEEP Operations Manual (see below).	6 months after grant acceptance	3 months later
4e.	EMS Enforcement Forum & Policy Recommendations*	Organize and conduct a forum to explore the potential incentives for promoting EMS through DEQ's	11 months after grant acceptance	1 months later (EMT

		enforcement program. Based on outcome of the forum, the Project Oversight Committee will make recommendations to the EMT.		follow-up)
4f.	Promotion of Private Sector Incentives	Investigate options and develop recommended strategies to promote private sector incentives and benefits. Organize and conduct a forum for relevant financial sector institutions.	12 months after grant acceptance	15 months later
4g.	Develop and Deliver DEQ Training Program	Conduct a review of other state and federal programs to identify existing tools, outreach strategies and training programs for potential use during the project, including information gathered by Kentucky under its SIC 2005 project. Develop a training plan and materials for DEQ staff, including overview training for new employees and more-focused training for existing staff who have some familiarity with the program (the POC will make recommendations to the EMT who will make a decision as to which employees will be required to attend the training and at what frequency). Conduct staff training. Incorporate into VEEP Operations Manual.	12 months after grant acceptance	20 months later
4h.	Review of DEQ Information Management System for Opportunities	Research and make recommendations to the EMT regarding increasing the visibility of and content related to VEEP available to DEQ program and regulatory staff through the Comprehensive Environmental Data System (CEDS), and potentially the Department's new CEDS "data mining" initiative. Integration of VEEP into the system should significantly increase the recognition of the facilities by the regulatory staff.	12 months after grant acceptance	15 months later
4i.	Develop VEEP Operations Manual	Review of existing processes, interview appropriate staff and review relevant materials from other states and EPA that address the following topics: application/renewal/annual report process; review of applications and annual reports; member services;	15 months after grant acceptance	20 months later

		regulatory incentives (development and delivery); conducting facility site visits; annual performance reporting; data and website management; recruitment; DEQ in-reach; and, compliance screening. The manual will include sample documents and language for use by VEEP staff as well as program staff (e.g., sample language to be inserted into inspection reports and other correspondence between DEQ and regulated facilities promoting VEEP and Performance Track).		
4j.	Develop Governor’s Environmental Excellence Awards Implementation Plan	Review options and make recommendations to the EMT for implementation of the “Governor’s Environmental Excellence Awards.”	3 months after grant acceptance	6 months later
4k.	Conduct End-of-Project Survey of Participating Financial Institutions	Conduct survey of financial institutions participating in the forum to assess whether any change in/new incentives for high-performing facilities has/have been implemented or are planned.	20 months after grant acceptance	22 months later
4l.	Conduct End-of-Project Survey of DEQ Managers	Conduct survey of managers to assess whether knowledge of VEEP and PT has increased as a result of the project.	22 months after grant acceptance	23 months later
4m.	Conduct End-of-Project Review of VEEP/PT Results	Conduct review to determine whether VEEP/PT participation rates have increased over the project term. Conduct a review of VEEP/PT annual performance reports and TRI reports to determine the environmental outcomes of the initiative.	22 months after grant acceptance	24 months later
4n.	Final Report	Final report prepared	24 months after grant acceptance	N/A

Quarterly reports will be submitted to EPA upon acceptance of the grant. A final report, including a summary of the project, any environmental results achieved, problems, successes and lessons learned.

Transferability: The integration approach that DEQ is proposing should result in a systems-oriented model and lessons learned that will be readily transferable to other states and to EPA with only minor alterations to address organization-specific needs.

Public Involvement: This project will have two types of audiences: internal and external to DEQ. The primary audience will be DEQ staff. However, because the focus of the project is on

the expanded integration of the principles of performance-based programs within the agency, individuals and organizations outside of DEQ may have an interest in its goals and objectives. To ensure input from the various internal stakeholders, the Project Oversight Committee will be comprised of representatives of Central Office media offices, regional offices and VEEP program staff. It will report periodically on the project's progress to DEQ's Executive Management Team (EMT), which is composed of senior DEQ managers. A pre- and post-training survey of DEQ managers will be conducted to measure knowledge gained but to also garner feedback.

Existing and potential VEEP/PT facilities will be engaged through several mechanisms, including the VEEP Participants Association, an alliance of Virginia localities, state agencies, private business, federal facilities and colleges and universities formed in the fall of 2005 to share best practices and provide opportunities for discussion of EMS and VEEP-related topics. Additionally, DEQ will continue to use forums such as the annual Environment Virginia conference held each spring in Lexington to provide program updates and receive feedback from facilities, NGOs and other interested parties.

DEQ will also conduct a post-outreach survey of VEEP/PT facilities to assess whether any change in the awareness of or use of private sector incentives occurred.

All surveys will be paid for using state funds.