Questions Related to Evaluation and Transferability of Project XL Innovations

Steele County Community XL Project
August 2008

We would like your thoughts on the following questions regarding your personal experience and observations while developing and/or implementing the Steele County innovation pilot project. Your feedback on the questions below will assist us in gleaning transferable innovations and "lessons learned" from Project XL.

1. To what extent do you consider the new approach you tested to be an improvement over the traditional way of doing business? In what way(s) was the new approach an improvement?

   The project summary included a two phase approach to environmental excellence that included:

   Phase 1: Specifically addressed industrial regulated wastewater effluent reductions, while at the same time concentrate on significant water use reduction controls.

   Phase 2: The Steele CountyXL Community Program will expand to a multi-media approach to environmental permitting, based on overall community performance, rather than individual member performance in the areas of:

   - air emissions,
   - solid waste reduction,
   - hazardous waste reduction,
   - chemical storage, and
   - community sustainability.

   The Direct Participant group committed to go beyond existing compliance efforts in order to obtain operating flexibility which would produce results better than what is actually being achieved through current environmental regulatory requirements.

   Steele CountyXLC intended to develop a community based environmental control system that will set 21st Century Environmental Excellence and Leadership Standards for the rest of the nation to follow.

   As a direct result of this project, the most significant improvement of this project was the private – public partnership that was critical to the success of this project. The norm of traditional regulatory – private working relationship is that the regulatory agency (in this case the Owatonna Wastewater Treatment Facility) does not truly trust business completely to report conditions of the wastewater discharge permit and the private entity (regulated industry in Owatonna) does not truly trust the public entity as a regulatory authority.

The partnerships and stakeholder involvement in this project took down and eliminated the "We don't trust you" barrier and cleared the way for the project's success in 2 years.

The XLC project took several years (about 5 years) to finally get accepted into this EPA program. During that time, I, and the partners and stakeholders of this project worked very hard to gain the trust of the local regulated industry, the City of Owatonna, Steele County, Minnesota Pollution Control Agency and EPA to form a bond of a true public – private partnership to work together, set program reduction goals, set timelines, and monitor successes. The incredible thing about this program and the time it took to get accepted, was that we were able to stay together as a team and stay focused on what we wanted to do as a community partnership. Most groups or even single entities cannot stay focused and continue towards program acceptance over the long period of time that we did.

Once the program was in place, industry monitored their wastewater discharge for reduction of four priority metals (total chrome; total copper; total zinc; total nickel), and concentrated on reducing water usage. The quantitative environmental benefit measure was a 20% reduction in the actual combined discharge for each of the selected 4 metals, then move towards a 40% reduction in the combined actual discharge for each identified pollutant on a mass basis. These goals were both achieved within 2 years form the start of the program. The only way that this could be accomplished in this short time was only if industry stayed on top of the wastewater they discharged.

a. Are there specific environmental benefits and/or cost savings that you can share? If so, describe these benefits or indicate whether or not the final project report already includes such information.

The final report addressed the quantitative reduction successes, but other significant benefits included:

1) A community of private, public and non-profit groups all partnered together in a "community working together to improve the community" effort.
   - Seldom does a community work together in such a way to as they did in the SC XLC to address an issue that affects all of us: reduce pollution at its source.
   - This provided regulatory relief for industry, reduced toxics going into the wastewater treatment plant, reduced the water load at the wastewater treatment plant, thus helping to educe the load and allow for community expansion without adding the extra cost of adding on to the treatment facility.
2) Partnering facilities shared information regarding hazardous waste disposal, environmental control program development, recycling opportunities – all of which resulted in reduced hazard waste disposal by all using the same vendor which reduced costs and provided weekly pick-ups which in turn reduced the amounts of hazardous waste being stored on-site.

- The XLC program opened the door to work with the local fire department, police, hospital, the county emergency manager to develop emergency response plans, as well as developing and doing community emergency response exercises.
- Facilities shared information regarding hazardous product substation which had a dramatic effect on hazardous waste air pollutants, thus reducing hazardous air emissions exposure to the community.
- Recycling opportunities expanded will sharing of facility knowledge of the best ways to recycle by then again using the same vendor which resulted in significant cost and storage reductions for industry.

2. Do you think that the approach is mature enough for one to have a full understanding of its advantages and disadvantages?
   Yes, definitely. Communities, industry, regulatory agencies should all agree that the approach taken in the Steele County XLC project was one of difficult challenges that called for the public – private entities to become a true public-private partnership, working for the common good of the community and made the project successful. If it can happen in Steele County Minnesota, it can happen anywhere if there is a sincere desire and need for a community to work together to better the community.

   a. If not, when will it be possible to gain a full understanding of its advantages and disadvantages?
      Again, this project eliminated not only regulatory barriers, but opened the door for industry to actual talk and work together to have a significant positive environmental impact on the community.

3. If not captured in you final project report, what do you think are the primary lessons learned from testing and analyzing the new approach that pertain to its broad-scale application?
   a. Business/industry can work together to help reduce or eliminate toxic pollutants.
   b. Business/industry can partner with regulatory agencies, whether it be local, state or federal to resolve a common problem(s) like reducing pollutants and/or reducing water usage.
   c. If a community is willing to work together on a project that involves a public – private partnership, then they have a chance to stay together and focused, even if it takes several years for the project to take hold and start up.
   d. If industry pays closer attention to its waste generation, it can reduce and/or replace hazardous pollutants in their waste streams and reduce valuable water usage.
   e. It is possible for a public – private partnership to work together for a common cause that will benefit the community as a whole.
   f. When the regulatory agencies, whether it be local, state or federal, provide creative opportunities that will help out the regulated community and is sincere about it, more trust will develop, and the regulatory authority bad image will and can go away.

4. What is the potential for broader application of the new approach?

   I think there are a lot of possibilities. Projects like this could bring in small business And/or general home owners to take notice that we can all work together to reduce pollution and its' toxic effects to help preserve our environment for future generations to enjoy. We don't have to wait.

   a. Could it be used to address another problem?
      Yes, like recycling, car pools, water usage, lawn fertilizer, home hazardous waste, industry creating pollution reduction programs at work that employees can use at home, etc. We have many program like this already which work from exceptionally well to not working at all.

5. What are the primary barriers to broader application of the new approach?
   Commitments from the private sector to partner with the public sector. The "I don't trust them" factor.

6. What are the critical implementation elements needed to overcome the barriers to broader application of the new approach?
   Serious commitments from both the private and public sector, with a very dedicated and high energy person to hold all the groups together. In projects like this one, the ego factor has to be eliminated.

7. In your judgment, how would the new approach (or "innovation") you tested best be applied more broadly?
   a. What steps could be taken to facilitate more widespread application of the innovation.
      Publicize the success of the "Steele County XLC Program – A True Public – Private Partnership.
   b. What steps could reduce the transaction costs of the diffusion?
      Cost for the private sector could include less wastewater analysis, less fees for wastewater discharge by reducing pollutants that are costly to remove and adding extended life to the wastewater treatment plant by using less water, thus encouraging community growth which would increase the tax base for wastewater treatment.
   c. What elements should be scaled-up?
      Encourage public – private partnerships. Look at what projects will benefit the community. Work aggressively to attain program goals, so the success can help build other pollution reduction projects.
   d. What elements should be changed?
      Give programs long term benefits, not a short time frame like 5 years if the program is successful, and then other projects will have a better chance to get off the ground.
   e. How might other practitioners be identified?
      By promoting the success stories like the Steele County XLC, I am thinking other communities may be interested in projects just because budgets are very tight and there may be a willingness from industry (who has money) to become more involved if there is some good and positive press form the project.

f. Are there unique circumstances that could impact broader application of innovation (e.g., a window of opportunity)?
More programs from either EPA or states being promoted more often or at least once in a while would help. I believe that too often EPA or states hold back on the good things when in reality, they should be turning them loose and see what happens.

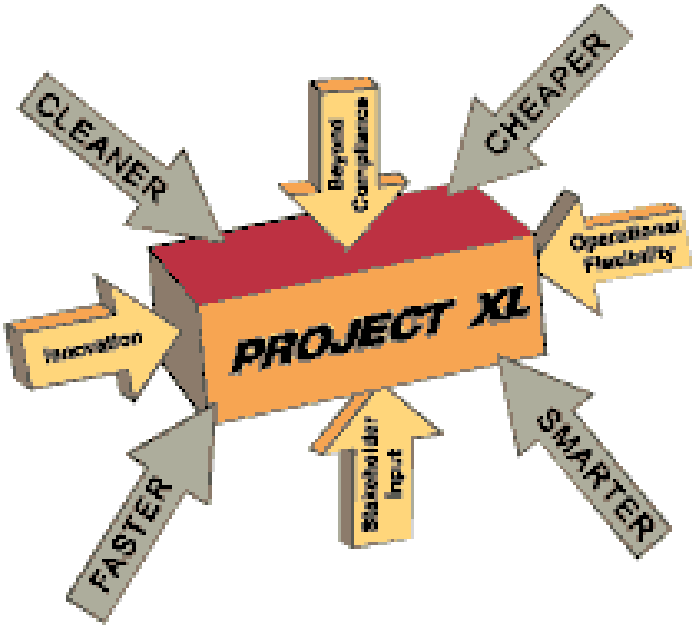
g. Are there resource limitations, if any, which would constrain broad-scale application?
In most cases I believe that resource limitations is not the constraint. It's mostly a reluctance from business/industry to partner with a regulatory agency because of the "I don't trust them factor". I believe if, for an example, the XL program was made a big deal it would take down regulatory barriers and make the whole community proud of what its' business/industry and wastewater facility was able to accomplish by forming and working together as a partnership. Everyone should be proud to live in a community like that.

8. At what level – national, State, or local – could the innovation be applied?
All 3 would work. But, the best way to ensure success is have some type of recognition program, similar to XL or XLC and be promoted on the federal, state and/or local level.
   a. What are the appropriate mechanisms for such application?
   Promote the idea that programs like this can and do exist/work. Make it a grassroots challenge, provide knowledge and resources from the federal level, publicize as much as possible. Reinvent federal/state/local partnerships that seem to have gone away.

9. Are there any new developments and/or activities that you would like to share that have occurred following completion of the project and/or as a result of the project? If so, please briefly summarize.
The partnerships and stakeholders involved in this project are still active despite many of the initial motivators moving on to other career challenges or retirement. I think this is the key to any successful opportunity – Can and Will the program be sustainable? And the answer in Steele County is yes it can!

10. Do you have any other general feedback to provide about the project; especially any other lessons learned that might be useful for future project sponsors/stakeholders?
This program was a great opportunity created at the federal level, many projects were completed with great success, and others that faltered. It seems that whenever there is a change in federal leadership, priorities change and significant programs fall to the wayside. Somehow EPA has to keep environmental impact programs, like XL/XLC on the front line and follow through and recognize those individuals involved in making a difference and our world a better place to live.

THANK YOU AGAIN FOR YOUR EFFORT, YOUR TIME, AND YOUR INTEREST!



Projects like XL and XLC do make a difference!!!