INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
We make Indiana a cleaner, healthier place to live.

Mitchell E. Daniels, Jr.
Governor

Thomas W. Easterly
Commissioner

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Ms. Jodi Swanson-Wilson
EPA Project Officer
77 West Jackson Boulevard E-13J
US EPA, Region 5
Chicago, IL 60604-3507

September 16, 2008
Via E-Mail

Dear Ms. Swanson:

Re: 2006 State Innovations Grant Program

Attached is the Indiana Department of Environmental Management's State Innovations Grant Program progress report for the Environmental Stewardship Program (ESP) as stipulated in our agreement. This quarterly progress report contains a summary of activities for the eighth three months of the three-year grant (eighth quarterly report).

If you have further questions about the information provided, please contact me at (317) 233-5554.

Sincerely,

Stacey Martindale
ESP Program Manager
Office of Pollution Prevention & Technical Assistance

Attachment: Grant Track form

CC: Fred Saylor
Jennifer Schick
Michael Mendyk
Laura Seifert

Grant Track System	**General Information**
Grant Name	State Innovation Grant – Environmental Stewardship Program
Cooperative Agreement No.	PI-00E00101-0
Year Awarded	2006
Number of Amendments	0
Grant Type	66.611 Environmental Policy and Innovation Grants
Region	5

Summary Description

To develop and implement a voluntary program designed to encourage positive environmental actions that potentially will include reduced air, land, and water emissions and discharges by Indiana businesses and industry. The goal of the Environmental Stewardship Program (ESP) program is to encourage beyond compliance activities to decrease industry's negative impact on the environment. This program will create new partnerships between the State, local industry, and business, and will require implementation of an Environmental Management System (EMS) to promote beyond compliance environmental initiatives.

Under this Cooperative Agreement, IDEM will develop and implement ESP. Upon acceptance to ESP, each facility will begin to implement one of three pre-determined environmental improvement initiatives as defined in their application. IDEM will publicly recognize those facilities that are accepted into ESP. In addition, IDEM will track the environmental benefits achieved by participating municipalities and provide regulatory incentives where practicable.

Contact Information

State Project Contact		EPA Project Officer	
Name	Stacey Martindale	Name	Jodi Swanson-Wilson
State	Indiana	Region	5
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EPA Grant Specialist

EPA Grant Specialist Name	Karen Sykes
EPA Grant Specialist Phone	(312) 886-7571

Project Status Information

Date Awarded	August 15, 2006
Original Planned Completion Date	August 14, 2009
Scheduled Planned Completion Date	August 14, 2009
Project Actual Completion Date	To be determined
Last Progress Report Received on	June 11, 2008
Progress Report through	August 15, 2008
Project Status	Ongoing

Project Funding

Original Grant Budget Request	$ 225,000
Matching Funds	$ 306,426
Original Grant Amount	$ 225,000
Total Grant Funding	$ 225,000

Target Dates and Milestones

IDEM continues to make progress and achieve the milestones identified in the 2006 State Innovations Grant Program project narrative.

Summer/Fall 2006

Milestone: *Promotion: Web site complete; application developed; brochures and booth drafted; press event held to announce program; contractor RFP issued; requests for quote issued and contract drafts begun for EMS website/software; innovations grant received.*

Status: COMPLETE

Summer/Fall 2006

Milestone: *Implementation: Responding to requests for assistance; amount and type of assistance provided; providing on-site assistance to facilities, offering EMS training programs to facilities; accepting applications to join the program; brochures printed and distributed; booth available for use; advertising the program at various conferences and workshops; EMS/P2OA Assistance contractor selected. Conduct site visits at applicants with approved EMS's and conduct site visit and EMS assessment at other applicants.*

Status: ON-GOING

IDEM continues to provide EMS training programs and assistance to Indiana entities through a series of workshops throughout the state. These workshops are being funded through IDEM and are not part of this grant. The intent of the workshops is to increase the number of Indiana facilities implementing EMSs and, as a result, increase the number of ESP applications. One workshop was held this quarter. There are four workshops scheduled to occur during the next quarter.

Additionally, IDEM finalized a contract for EMS onsite assistance. IDEM met with the hired contractor to discuss the marketing strategy and details of the EMS assistance. The contractor is expected to provide IDEM with a copy of the marketing plan for approval during the next quarter. The goal of the contract is to provide onsite EMS assistance to twenty Indiana entities by July 2009.

Winter 2007 – Summer 2009

Milestone: *Implementation and Modifications: Reviewing applications and announcing facilities meeting the program requirements; continue assisting potential applicants and promoting the program; speaking at meetings, workshops, and conferences to promote the program; begin offering incentives to successful applicants and tracking outcomes; modify the program as necessary; continue identifying potential incentives; quantify success stories through monetary and environmental benefits; continue working with EPA NCEI to identify and implement additional incentives to state and federal environmental leadership programs.*

Status: ON-GOING

IDEM continues to respond to phone and email inquiries requesting assistance with the program application and identifying pollution prevention opportunities. IDEM also continues to respond to inquiries concerning ESP program requirements, regulatory incentives, and application procedures.

IDEM received five applications during the spring 2008 application round. During this quarter, IDEM reviewed the applications and conducted site visits at each facility. All five applicants were announced as new members of the Environmental Stewardship Program in August 2008. There are currently 38 members of ESP.

During this same time period, IDEM continued marketing the Environmental Stewardship Program in anticipation of the fall 2008 application round. The ESP Program Manager spent 15 hours marketing ESP in June, 35 hours in July, and 10 hours in August.

IDEM advertised ESP at various events and newsletters during this quarter. ESP was presented during the CLEAN / ESP Seminar on August 20th as well as the Indiana Chamber of Commerce *GreeNotes* listserv on August 28th. IDEM plans to have an entire afternoon session devoted to ESP during the Indiana Partners for Pollution Prevention Conference on September 17, 2008.

The rules affording ESP members with regulatory incentives became effective during the fourth quarter. IDEM continues to process incentives requests from fall 2007 members as well as spring 2008 members. The ESP program manager has found incentive implementation to be difficult and time consuming. Thus the ESP program manager is scheduling a lean / continuous improvement event with each IDEM program office to map the incentive implementation and tracking process. Each event is being scheduled for January 2009.

During previous quarters, the ESP program manager discussed the creation of an "ESP Corporate Membership" with several ESP members as well as with EPA and other interested states. The ESP program manager continues to develop Corporate Member criteria and will seek comments from ESP members.

IDEM continues to work with EPA Region 5 and Headquarters to sign a Memorandum of Agreement for implementation of federal regulatory incentives for program members. During this quarter, the ESP program manager revised the MOA language and sent it to EPA Region 5 for review. Upon further discussion with Region 5, the ESP program manager determined that an approval tracking document was needed for each incentive. The ESP program manager sent EPA Region 5 the list of regulatory incentives requesting approval and comments on each incentive. EPA responded listing incentive approvals, denials, and comments, as well as the individuals at EPA Region 5 responsible for approving or denying each incentive. The ESP program manager created a spreadsheet to track each incentive. Additionally, the ESP program manager compared Indiana's incentives with all other state-Performance Track program incentives and identified several new incentives to add. The ESP program manager will begin working on implementing these new incentives during the next quarter. In the meantime, the ESP program manager continues to work with Dan Murray, Assistant Commissioner of Office of Air Quality, and Commissioner Thomas Easterly in an effort to remove the "monthly compliance methods for VOCs" from the MOA to stimulate the signature process.

During the eighth quarter, IDEM Commissioner Tom Easterly and Assistant Commissioner Rick Bossingham conducted five ESP recognition ceremonies (August 6, 7, two on 20, and 28) and issued five press releases for Round 3 members. ESP program manager scheduled the remaining Round 3 ceremonies for the next quarter. Round 4 ceremonies will be scheduled following the completion of Round 3 ceremonies. Additionally,

the ESP program manager worked with Assistant Commissioner Rick Bossingham and Commissioner Thomas Easterly this quarter to develop an Event Planner Template for ESP ceremonies. The ESP program manager has scheduled a leaning / continuous improvement event for next quarter to improve the ESP ceremony scheduling process.

Summer/Fall 2009

Milestone: *Implementation and Documentation: Continue program as described above; measure results and outcomes of program and begin development of final report; begin consideration of future of program. Complete and submit final report to EPA; Innovations Grant completed; determine future of program including funding and office responsible for management.*

Status: NOT YET IN TIMEFRAME

Project Timetable

In addition to the on-going milestones, the project timetable and activities to be completed during the next quarter are listed below:

- Finish quantifying ESP and PT annual performance reports and post achievements on the ESP website.
- Review and process applications from the fifth ESP application round including compliance checks, review of applicant's EMS materials, and scheduling of site visits.
- ESP program managers will work with EPA to update the PT Annual Performance Report to include a section for dual Indiana PT / ESP members to submit the next ESP commitment. Otherwise, Indiana PT / ESP members must submit the annual performance report to EPA using PTrack and then email the ESP program managers which of the PT commitments will be used for ESP membership that calendar year.
- Assist members of program with incentives including modifications to permits to allow them to benefit from incentives.
- Speak at meetings, conferences, and workshops promoting the program.
- Manage a contract for onsite EMS development assistance.
- Provide EMS assistance to facilities wishing to pursue ESP membership.
- Submit quarterly report to EPA on various measures.

The project timetable and activities to be completed throughout the remaining life of the grant are listed in the following table:

On-going	Continue working with IDEM program offices to limit barriers to pollution prevention opportunities to members of the program and identify or expand regulatory flexibility incentives.
Annually	In cooperation with NEPT, modify state program where needed.
Winter 2009	Submit quarterly report to EPA on various measures.
Spring 2009	Submit quarterly report to EPA on various measures.
Summer 2009	Submit quarterly report to EPA on various measures.
Summer/Fall 2009	Provide final report to EPA on the effectiveness of focusing on high priority entities and on what was found and accomplished related to promoting the use of EMSs and removing barriers to pollution prevention.

Project Funding

The project funding status can be found in the attached Federal Financial Report (Grant Balance tab). The report provides the project expenses year to date. According to the report, IDEM has incurred $127,931.11 through July 31, 2008. Further, the report shows that IDEM has approximately $403,494.89 grant funding remaining (approximately $232,655.15 state and $170,839.74 federal), which is sufficient to perform the expected program duties throughout the life of the grant. IDEM anticipates fully utilizing the entire grant award for ESP implementation and delivering technical assistance regarding environmental management systems to Indiana regulated entities.