State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

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April 7, 2008

Jennifer Conner-Haynes (WS-15J)
U.S. Environmental Protection Agency (EPA)
77 West Jackson Blvd.
Chicago, IL 60604-3507

Subject: Quarterly Progress Report for 2007 State Innovation Grant

Dear Ms. Conner:

The Department of Natural Resources is pleased to submit our second quarterly progress report for the 2007 State Innovation Grant project, *Use of Whole Farm EMS as a Supplement to CAFO Permits for the Dairy Sector*.

If this report does not meet EPA's needs or you would like to suggest ways to improve our next quarterly report, please don't hesitate to contact me at 608-266-8226 or jeffrey.voltz@wisconsin.gov.

Sincerely,

Jeffrey Voltz,
Environmental Assistance Coordinator/Agriculture Sector Specialist
Bureau of Cooperative Environmental Assistance

cc: Carla Wright - CO/7
Tom Davenport - EPA Region 5
Marilou Martin - EPA Region 5
Beth Termini - EPA OPEI
Sherri Walker - EPA OPEI
Gerald Filbin - EPA OPEI

Quarterly Progress Report (12/31/2007- 3/31/08)

Award: 2007 State Innovation Grant (Assistance ID# PI-00E32201-0)
Recipient: Wisconsin Department of Natural Resources (DNR)
Project: Use of Whole Farm EMS as a Supplement to CAFO Permits for the Dairy Sector

Section 1 -- Synopsis of Accomplishments During the Reporting Period

During this reporting period DNR experienced a change in project management, but also made significant progress on several major project tasks.

In February of 2008 former project manager, John Shenot, accepted a position with Wisconsin's Public Service Commission. As a result, Jeffrey Voltz has been selected as the new project manager. Progress continues to be made despite John Shenot's departure, but admittedly the project has been impacted. However, despite the change in project management, we have confidence we will continue to meet the obligations of the grant and are pleased to report the accomplishments listed below:

Grant Application

- Began identifying long-term performance measures and evaluation methods and drafting the Quality Assurance Project Plan (QAPP).

Contract(s) for Support

- Issued two (2) Requests for Proposals (RFPs) for EMS services in the dairy sector,
    - *Delivery of Environmental Management System (EMS) Services for the Dairy Sector*, and
    - *Environmental Management System (EMS) Auditing Services for the Dairy Sector*
- Convened RFP Evaluation Committee meetings in order to select contractor for first RFP (i.e. *Delivery of Environmental Management System (EMS) Services for the Dairy Sector*).,
- RFP Evaluation Committee selected a contractor and issued Notice of Intent to Award for first RFP (i.e. *Delivery of Environmental Management System (EMS) Services for the Dairy Sector*) to Perfect Environmental Performance (PEP) on April 7, 2008.
- Scheduled RFP Evaluation Committee meetings to select contractor for second RFP (i.e. *Environmental Management System (EMS) Auditing Services for the Dairy Sector*).

Outreach & Recruitment

- Posted on the DNR Green Tier website "*Elective Activities that Dairy Producers Can Undertake to Enhance Environmental Performance.*" This document is a supplement to the Dairy Business Association-Green Tier Advancement Project (DBA-GTAP) Charter (i.e. Model Terms for Green Tier Participation) and was developed with cooperation and contributions from DNR Runoff Management, staff from the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP), and representatives from DBA-GTAP.
- Scheduled to meet with representatives from DBA-GTAP to discuss progress made toward meeting the commitments outlined in the DBA-GTAP Charter on Tuesday, April 8, 2008. Topics included, but are not limited to:
    - Nominate individuals to serve on the Interested Persons Group (i.e. stakeholder group) to:
        - Improve communications with non-participating stakeholders and relating to the general public (e.g. holding public workshops, promotional advertisements, etc.).
        - Develop specific recommendations to further the goals of the DBA-GTAP Charter, including identifying environmental goals to which the dairy sector should aspire, and
        - Develop ways of monitoring and measuring the environmental performance of DBA-GTAP participants.
    - Discuss process and expectations for work-products resulting from contract with Perfect Environmental Performance (i.e. *Delivery of Environmental Management System (EMS) Services for the Dairy Sector)*

- Discuss potential EMS candidates and participants, as those terms are defined in the DBA-GTAP Charter

- Scheduled to meet with Perfect Environmental Performance on Wednesday, April 9, 2008 to discuss process and work-products related to contractual obligation for *Delivery of Environmental Management System (EMS) Services for the Dairy Sector*.

More details follow in Section 2, Narrative Discussion. Also, an annotated version of the Workplan that was included in our final project narrative is attached at the end of this report for reference purposes.

Section 2 -- Narrative Discussion

A quick glance at the attached annotated workplan will reveal that we are currently behind schedule on most project activities. Although we are disappointed about that, we are not at all discouraged or troubled by our apparent lack of progress during the first and second quarters of this grant, and we would like to explain why.

First, DNR completed negotiations on the DBA-GTAP Green Tier Charter in the first quarter, and that accomplishment alone made it a successful quarter from our perspective. In our approved project narrative, DNR highlighted the DBA-GTAP Charter negotiations as an external influence vital to the success of our SIG project. In fact, we viewed the Charter as a virtual pre-requisite to all our State Innovation Grant (SIG) outreach and recruitment efforts. The Charter is important in at least two fundamental ways. First, it establishes a partnership relationship between DNR and a key stakeholder, DBA. Second, it establishes a shared commitment by DNR and DBA to support and promote the activities described in our SIG project narrative. In other words, DNR now has a full partner who is invested in the success of the SIG project and will bring resources to bear as we try to recruit, train, and assist EMS candidates in the dairy sector. Had the Charter negotiations broken down, DNR believes it would have been nearly impossible to recruit dairy sector participants for this project.

Second, the reason we are behind schedule on most project tasks is because our project is designed in such a way that most of the work will be performed by contractors. Because we are behind schedule on hiring contractors, we are behind schedule on everything else as well. The DNR project manager now realizes that it would have been more appropriate for the workplan to describe the start date for most tasks as “x months after contractor hired” instead of listing a specific calendar date.

Wisconsin’s procurement process for contractual services is not only complicated, but it has changed significantly from the time DNR submitted our 2007 SIG pre-proposal. Our Project Manager has struggled to understand and conform to the new process, and this challenge is compounded by the limited availability of Procurement Specialists, the high demand for their time, and the number of procurement tasks that can only be performed by these specialists. One significant change to the process requires that large contracts (such as those we will use for the SIG project) must be included in a Quarterly Procurement Plan approved by Wisconsin’s Department of Administration. The contracts associated with our SIG project were not submitted for inclusion in the 4th Quarter 2007 Procurement Plan because the DNR Project Manager was not aware of this new requirement until after the quarter started, nor ready to specify what the contract scope or dollar amounts would be. Included in this quarterly report are copies for both RFP’s (i.e. *Delivery of Environmental Management Services (EMS) Services for the Diary Sector*, and *Environmental Management System (EMS) Auditing Services for the Dairy Sector)* and supplementary materials/information.

As of the date of this report, we are pleased to inform EPA that a Notice of Intent to award was issued for *Delivery of Environmental Management Services (EMS) Services for the Diary Sector* to Perfect Environmental Performance (PEP). A meeting has been scheduled with PEP for Wednesday, April 8, 2008 to discuss the project and upcoming work-products.

One final note is in order regarding the Quality Assurance Project Plan (QAPP). DNR has drafted most of the parts of a QAPP but not yet completed the draft nor submitted it to EPA for approval. We understand the importance of completing this task and gaining EPA's approval, but we also want to emphasize that DNR has not yet begun any tasks that will generate data, nor do we have any data collection tasks planned for at least the next 2 months. We intend to complete work on the draft QAPP at the earliest possible date in April 2008.

Section 3 -- Projection of Activities, Accomplishments, and Major Expenditures for Next Quarter Report

DNR anticipates the following next steps and highlights for the upcoming quarter:

- April: Submit draft QAPP for EPA review and approval
  Issue Notice of Intent to Award contract for *Delivery of Environmental Management System (EMS) Services for the Dairy Sector* (i.e. RFP #H-041-08)
  Sign contract with vendor for *Delivery of Environmental Management System (EMS) Services for the Dairy Sector* (i.e. RFP #H-041-08)
  Convene Evaluation Committee for RFP #H-041-08 (i.e. *Environmental Management System (EMS) Auditing Services for the Dairy Sector.*)
- May: Sign contract for RFP #H-041-08 (i.e. *Environmental Management System (EMS) Auditing Services for the Dairy Sector.*
  Develop survey or interview questions to assess the value and effectiveness of EMS training
  Survey or interview dairy sector participants who participated in past EMS training
  Review existing EMS training delivery model and identify possible improvements
- June: Submit next quarterly progress report
- Ongoing: Process any Green Tier applications received from the dairy sector

Section 4 -- Financial Report

Confidential business information removed by EPA.

Annotated Workplan for Quarterly Progress Report (12/31/2007 - 3/31/2008)

Task	Start	Finish	Status
Grant Application			
a. Submit draft workplan narrative and logic model to EPA	5/16/07	6/4/07	Done
b. Submit final workplan and application package via Grants.gov	6/7/07	6/14/07	Done
c. Identify long-term performance measures and evaluation methods as part of QAPP	6/14/07	8/13/07	Behind schedule - partial draft completed
d. Submit QAPP to EPA	6/14/07	8/13/07	Behind schedule - partial draft completed
Contract(s) for Support			
a. Identify scope of work (i.e. activities) to be contracted	6/14/07	9/14/07	Done
b. Request proposals for contract(s)	9/17/07	10/19/07	Done
c. Review proposals and select contractor(s)	10/19/07	10/26/07	one (1) contractor selected
d. Issue contract(s)	10/26/07	11/1/07	Behind schedule - one (1) Notice of Intent issued and second to be issued in 3rd quarter (i.e. April-June)
EMS Outreach Materials and Training Delivery Model			
a. Develop survey or interview questions to assess the value and effectiveness of EMS training	6/14/07	8/13/07	Not started - included in RFP
b. Survey or interview dairy sector participants who participated in past EMS training	8/14/07	9/7/07	Not started - included in RFP
c. Review existing EMS training delivery model and identify possible improvements	6/14/07	9/14/07	Not started - included in RFP
d. Review existing EMS for Agriculture outreach & training materials and improve where possible	6/14/07	11/1/07	Not started - included in RFP
e. Reassess materials and training delivery model after Class 1 completes training (repeat of tasks b, c, and d)	6/1/08	9/1/08	Future task
f. Develop streamlined “do it yourself” EMS tool(s) tailored to the dairy sector	5/1/08	9/30/09	Future task
Outreach & Recruitment			
a. Develop outreach & recruitment strategy	6/14/07	10/1/07	Not started -

Task	Start	Finish	Status
			included in RFP
b. Implement outreach & recruitment strategy for Class 1	10/1/07	11/1/07	Not started - included in RFP
c. Assess Class 1 outreach & recruitment results and revise strategy as needed	6/1/08	9/1/08	Future task
d. Implement outreach & recruitment strategy for Class 2	9/1/08	11/1/08	Future task
Compendium of Legal Requirements			
a. Develop and maintain a compendium of federal and state environmental requirements applicable to dairy producers	10/1/07	ongoing	Not started - to be covered under separate special contract
EMS Training & Implementation			
a. Deliver EMS training to Class 1	11/1/07	4/30/08	Not started - included in RFP
b. Deliver EMS training to Class 2	11/1/08	4/30/09	Not started - included in RFP
c. Provide technical assistance with EMS implementation and auditing as needed	11/1/07	9/30/09	Not started - included in RFP
d. Survey or interview participants before and after EMS training	11/1/07	9/30/09	Not started - included in RFP
e. Arrange for ISO 14001 registration audit of at least one Wisconsin dairy producer	10/1/07	9/30/09	Not started - to be covered under separate special contract
Green Tier Applications			
a. Assist EMS training participants with submitting applications	ongoing	ongoing	DNR assisted two potential applicants this quarter
b. Process applications according to established procedures	Date received	Tier 1: <60 days after public notice or public meeting; Tier 2: <1 year after beginning negotiations	No new applications received this quarter
c. Fulfill mandatory participation requirements	ongoing	ongoing	DNR assisted one participant

Task	Start	Finish	Status
			this quarter
Comparative Assessment of Project Results			
a. Evaluate interim project results against goals and objectives	6/30/08	9/30/08	Future task
b. Compare Wisconsin dairy EMS project results with Minnesota dairy ERP project results and any other relevant projects	6/30/08	9/30/08	Future task
c. Monitor long-term environmental outcomes	10/1/07	9/30/10	Not started - no data will be collected until QAPP is completed
Policy Analysis			
a. Assess policy lessons and implications of project	9/30/09	11/31/10	Future task
Reporting			
a. Submit Progress Report to EPA for Year 1, Quarter 1	12/21/07	12/31/07	Done - will post to website after EPA approves report
b. Submit Progress Report to EPA for Year 1, Quarter 2	3/21/08	3/31/08	Future task
c. Submit Progress Report to EPA for Year 1, Quarter 3	6/20/08	6/30/08	Future task
d. Submit Progress Report to EPA for Year 1, Quarter 4	9/20/08	9/30/08	Future task
e. Submit Progress Report to EPA for Year 2, Quarter 1	12/21/08	12/31/08	Future task
f. Submit Progress Report to EPA for Year 2, Quarter 2	3/21/09	3/31/09	Future task
g. Submit Progress Report to EPA for Year 2, Quarter 3	6/20/09	6/30/09	Future task
g. Submit Progress Report to EPA for Year 2, Quarter 4	9/20/09	9/30/09	Future task
g. Submit Progress Report to EPA for Year 3, Quarter 1	12/21/09	12/31/09	Future task
g. Submit Progress Report to EPA for Year 3, Quarter 2	3/21/10	3/31/10	Future task
g. Submit Progress Report to EPA for Year 3, Quarter 3	6/20/10	6/30/10	Future task
h. Submit Final Report to EPA	9/30/10	12/29/10	Future task