Clean Cities

15TH ANNIVERSARY

15 Years of Petroleum Reduction

Projects Update

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Clean Cities

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15 Years of Petroleum Reduction

Dept of Justice / Environmental Protection Agency Collaboration Project

Study Presented by

asg·renaissance

Background / Approach

- Given petroleum reduction often equates to improved air quality, the premise of the project was to partner with the U.S. Department of Justice (DOJ)/ Environmental Protection Agency (EPA)

- The objective was for Clean Cities to leverage resources from clean air violators in the form of:
  - Fines
  - Supplemental Environmental Projects (SEPs)

- The approach taken for this study included research and interviews with:
  - U.S. EPA officials
  - State air quality personnel
  - Clean Cities Coordinators

Findings

Federal Environmental Violation Process

- Violators are notified by EPA of violation
- States may or may not be involved
- For cases where settlements cannot be reached, the DOJ tries them in court
- **Fines** resulting from settlements or court rulings are, by law, paid directly to the U.S. Treasury and cannot be earmarked for agencies, government programs or environmental projects

Findings

Federal Supplemental Environmental Projects (SEPs)

- SEPs occur in 9-10% of environmental settlements
- They are not completed in lieu of a penalty
- Often done when a violator wants to give back to the affected community
- Alternatively they are done to keep the fine under $100K
- They are implemented under strict federal guidelines

Findings

Supplemental Environmental Project (SEPs) Guidelines

- SEPs cannot "augment" the EPA's existing budget
  - The one exception to this rule is a diesel emission project
- EPA cannot recommend specific projects
- EPA cannot recommend a third party administrator for SEPs
- EPA cannot manage the project for the violator

BUT… The federal guidelines for SEPs are not used in all states

Conclusions/Recommendations

While there is no direct way for Clean Cities to collaborate with the EPA on environmental fines/projects at the federal level, there are indirect ways to access these resources:

- Clean Cities Coordinators should interface with state and local air quality enforcement organizations to identify opportunities
  - 2000 South Carolina SEP with Willamette
- Focus efforts with strong linkage to EPA enforcement priorities
  - Coal-fired power plants
  - Cement sector
  - Nitric-Acid plants
  - Glass manufacturers

Conclusions/Recommendations

- Network with companies in violating industries (e.g. Coal-fired power plants, Cement sector, Nitric-Acid plants, Glass manufacturers)
- Build awareness for Clean Cities with related industry groups
  - Greater Baton Rouge engaged with petro-chemical industry task force
- Identify violations/projects through ECHO database
  - www.epa.echo.gov/echo/compliance_report_air.html
- Submit ideas for top Clean Cities projects to EPA
  - www.epa.gov/compliance/civil/seps
  - Remember diesel emissions reductions projects count

Target Industries

The following list includes states with a high concentration of industries in the EPA's enforcement priorities. These industries may be more likely to be cited by the EPA (and possible by the state level air quality enforcement offices) for environmental violations, which could result in SEPs. Clean Cities coordinators in the states listed might find it particularly useful to build relationships with the targeted industries and with their state level air quality enforcement offices.

Target Industry	**States with High Concentration of Target Industry**	**Examples of Relevant Industry/ Trade Groups**
Glass Manufacturing	California (somewhat more than other states) Indiana Kentucky Michigan New Jersey North Carolina Ohio Pennsylvania Tennessee Texas West Virginia	Glass Manufacturing Industry Council http://www.gmic.org/

Target Industries (continued)

The following list includes states with a high concentration of industries in the EPA's enforcement priorities. These industries may be more likely to be cited by the EPA (and possible by the state level air quality enforcement offices) for environmental violations, which could result in SEPs. Clean Cities coordinators in the states listed might find it particularly useful to build relationships with the targeted industries and with their state level air quality enforcement offices.

Target Industry	States with High Concentration of Target Industry	Examples of Relevant Industry/ Trade Groups
Cement Manufacturing	California (significantly more production than other states) Florida (significantly more production) Texas (significantly more production) Illinois Pennsylvania Arizona Georgia Michigan Indiana Missouri New York North Carolina New Jersey Ohio Tennessee Virginia Washington	American Portland Cement Portland Cement Association http://www.cement.org/

Target Industries (continued)

The following list includes states with a high concentration of industries in the EPA's enforcement priorities. These industries may be more likely to be cited by the EPA (and possible by the state level air quality enforcement offices) for environmental violations, which could result in SEPs. Clean Cities coordinators in the states listed might find it particularly useful to build relationships with the targeted industries and with their state level air quality enforcement offices.

Target Industry	States with High Concentration of Target Industry	Examples of Relevant Industry/ Trade Groups
Nitric Acid (Fertilizer Manufacturing)	Louisiana (significantly more production than other states) Florida (significantly more production than other states) Iowa Missouri Ohio Texas	The Fertilizer Institute http://www.tfi.org/about/whoweare.cfm

Target Industries (Continued)

The following list includes states with a high concentration of industries in the EPA's enforcement priorities. These industries may be more likely to be cited by the EPA (and possible by the state level air quality enforcement offices) for environmental violations, which could result in SEPs. Clean Cities coordinators in the states listed might find it particularly useful to build relationships with the targeted industries and with their state level air quality enforcement offices.

Target Industry	States with High Concentration of Target Industry	Examples of Relevant Industry/ Trade Groups
Coal-Fired Power Plants	Texas (significantly higher than other states) Illinois (somewhat higher than other states) Indiana (somewhat higher than other states) Ohio (somewhat higher than other states) Pennsylvania (somewhat higher than other states) Michigan Missouri Kentucky Georgia North Carolina Alabama Wisconsin North Dakota Iowa Tennessee Wyoming	American Petroleum Institute http://www.api.org/ EPRI http://my.epri.com/portal/server.pt Electric Power Supply Association http://www.epsa.org/forms/documents/DocumentFormPublic/ World Coal Institute http://www.worldcoal.org/

Next Steps

- Prioritize states/coalitions for hands-on support
  - Identify relevant state/local contacts
  - Target specific industry groups
  - Submit critical project ideas to EPA
  - Prepare work plan for each coalition
- Prepare workshop for November Leadership Retreat:
  - Create toolkit
  - Engage environmental attorney
  - Show case studies of coalitions successful in leveraging SEPs
  - Target utility partner(s)

Questions?

Thank you

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Clean Cities

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Growth and Effectiveness Project

Study Presented by

asg·renaissance

Background / Objectives

- Conduct a strategic review of the Clean Cities Program to address:
  - Future growth strategies
  - Ways to improve the Program's overall effectiveness
- Specific areas of interest included:
  - Ideal number of coalitions
  - Organizational model that is most effective
  - Areas for expansion or consolidation

Study Methodology

Executed a two-pronged approach

1. Conducted a 'Current State' analysis to identify Program issues and opportunities
   - Reviewed info from reports, meetings & leadership retreats

2. Held discussions with key personnel to gain their insights and experiences
   - Coalition Coordinators (represented a range of organizational structures, geographies, experience, and size)
   - Stakeholders (predominantly national)

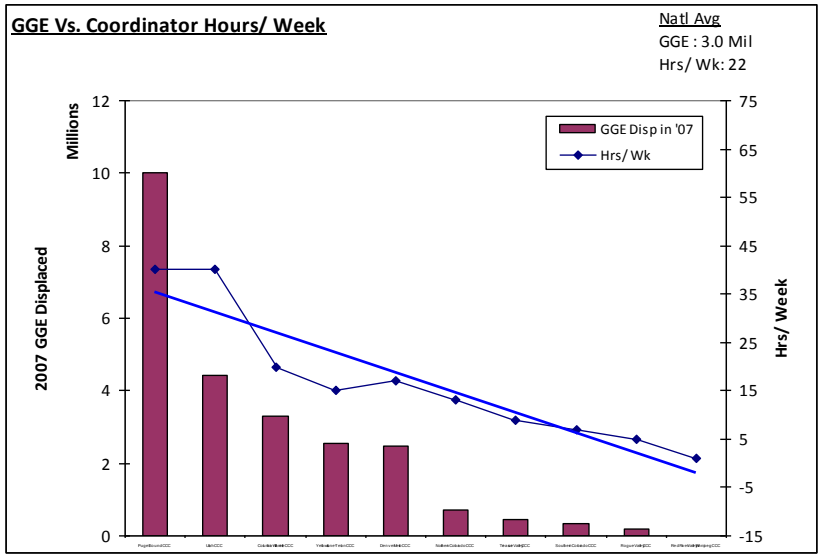
Current State Analysis

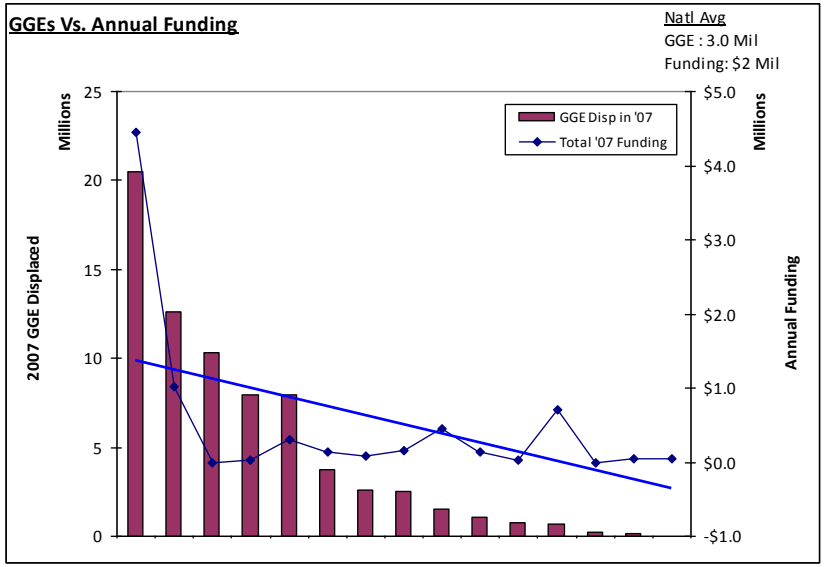
- Coalition performance is dynamic and influenced by a number of key factors – both tangible and intangible
  - Tangible (and quantifiable): GGEs displaced, Coordinator hours/week (i.e. devoted to Clean Cities), funding, experience etc.
  - Intangible: Leadership, legislation, stakeholder influence etc.

- 3 Factors were studied against GGEs displaced by coalitions
  - Coordinator hrs/ week – time spent on coalition related activities
  - Coalition funding
  - Coordinator experience

Current State Analysis

- Coalitions displaced a total of 262 million GGEs in 2007 – an average of 3 Million GGEs per coalition
- Coordinators spent an average of 22 hrs/ week on coalition efforts
- Study found a consistent correlation between GGEs displaced and
  - Coordinator's time spent Clean Cities activities
  - Coalition funding – though not as strong as Coordinator's time
- Study suggests that Coordinator experience did not have a significant correlation with GGE displacement





Effectiveness

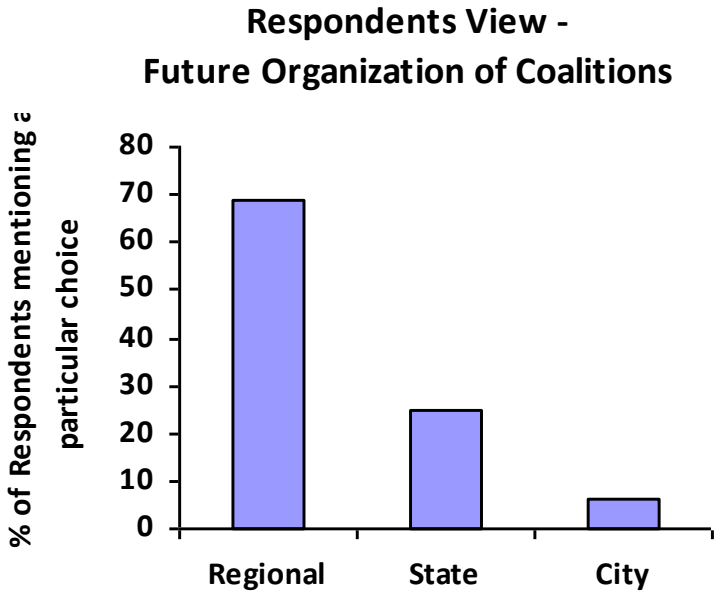
- Three elements were studied to understand their influence on Coalition's Effectiveness:

1. **Organizational structure**
   - Region, State or City?
   - Would a state-wide coordinator be beneficial?
2. **Organizational business model**
   - Non Profit coalitions, coalitions housed within State or Local entities, For Profit coalitions?
3. **Funding**
   - Best source of sustainable funding?
   - Amount required for sustainable operation?

- Primary Drivers for Coalition Success was also investigated

1. Organizational Structure

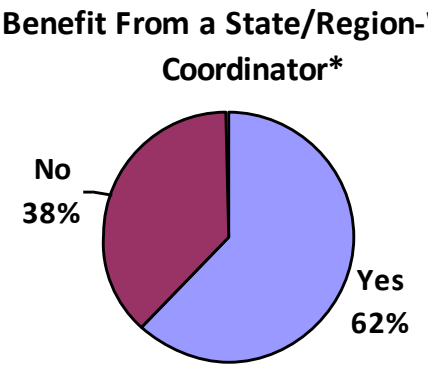
- Overall agreement that there was NO "one-size-fit-all" solution
- However, the majority felt that a regional organization made the most sense
- A few Coordinators also felt that the coalitions should not be defined or restricted by boundaries when the overall objective is petroleum reduction



1. Organizational Structure

State – Wide Coordinator Benefits

- 62% of coordinators felt that it would be beneficial
- 77% of stakeholders felt that it would be beneficial (would reduce their need to communicate with multiple coordinators)
- Major Concern: was the potential for adding another layer of complexity / bureaucracy



* Coordinators Reponse only

* Stakeholder's Reponse only

2. Organizational Business Model

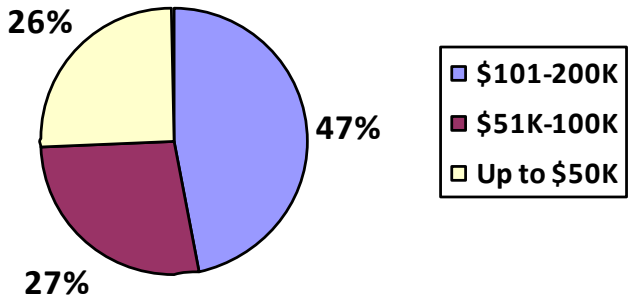
Most coalitions favored their particular coalition's organizational approach. However, there were advantages and disadvantages with each.

	Key Advantages Quoted	Key Disadvantages Quoted
Independent Non Profit Coalitions	▪ Focused goal/mission ▪ Unbiased approach - fuel neutral ▪ Independence of thoughts & actions ▪ Access to certain type of funding ▪ Nimble and quick	▪ Lack of sustainable funding ▪ Largely Coordinator dependent ▪ Relatively reduced visibility ▪ Coordinators end up spending significant time hunting for funds
State/ Local Govt. entity	▪ Good visibility – funding & other resources ▪ Increased credibility ▪ Sustainable source of funding is a possibility ▪ Increased access to legislation	▪ Coordinators are not able to dedicate entire time towards CC goals. ▪ Often influenced by the goal of the state organization ▪ Process intensive
For Profit Coalitions	▪ Sustainable source of funding provided from the host organization	▪ Focused on benefit of the parent organization ▪ Typically single technology focused

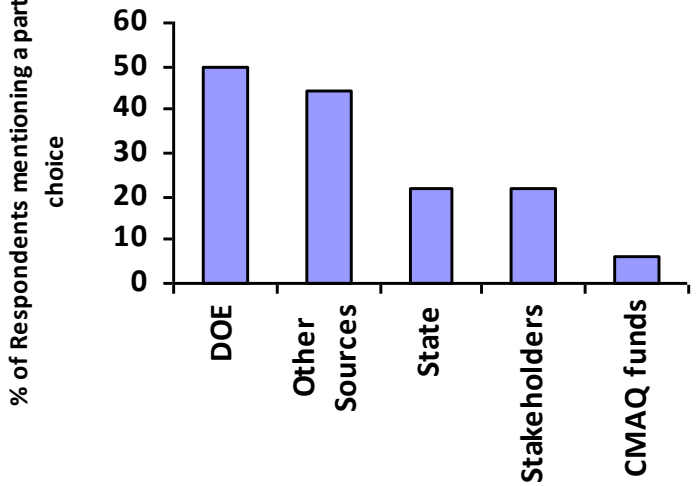
3. Funding

- Minimum Sustainable Funding
  - Majority of the respondents indicated a range of $101,000 to $200,000 for sustainable operation
- Best Source of Funding
  - Most respondents indicated that there was no *one* best source, but rather multiple sources.

Minimum Coalition Funding Required



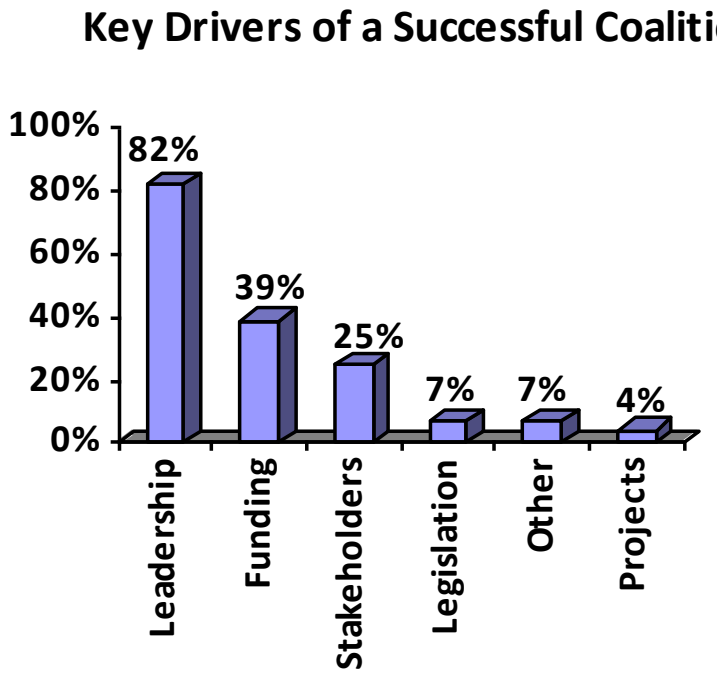
Best Sustainable Funding Source for Coalitions



Other sources includes Grant writing, Fund raising etc.

Primary Driver for Coalition Success

- **Leadership** was cited by more than 80% as the key driver of a successful coalition
- Secondarily, funding was identified as a critical driver, though viewed more importantly by stakeholders than coordinators



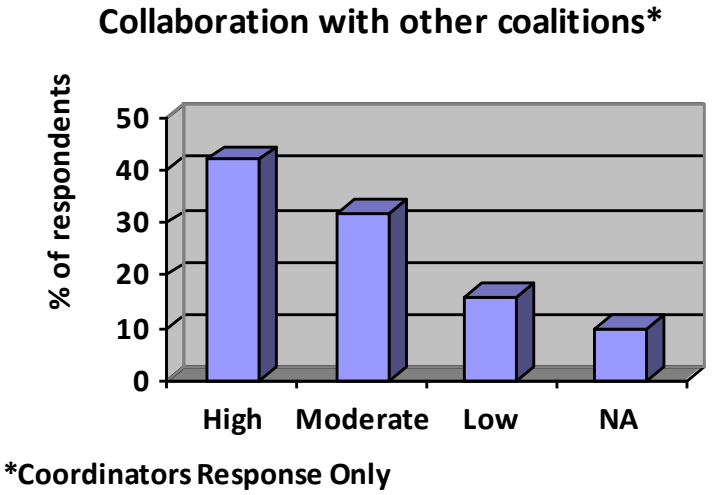
Efficiencies

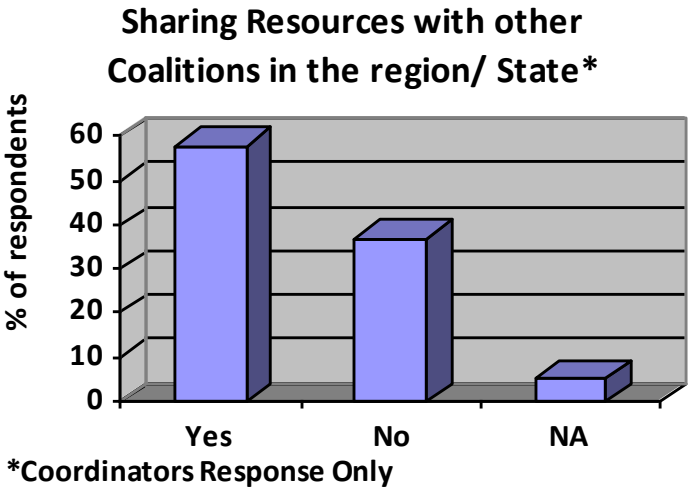
Two key areas were studied:

1. Collaboration between coalitions
2. Additional support coalitions could use from DOE to improve operations.

1. Coalition Collaboration

- High level of collaboration between coalitions, as well as between coalitions and other organizations with similar interests
- Coordinators indicated collaboration has increased recently due to the DOE funding opportunities
- More than 50% of Coordinators confirmed sharing of resources with other coalitions



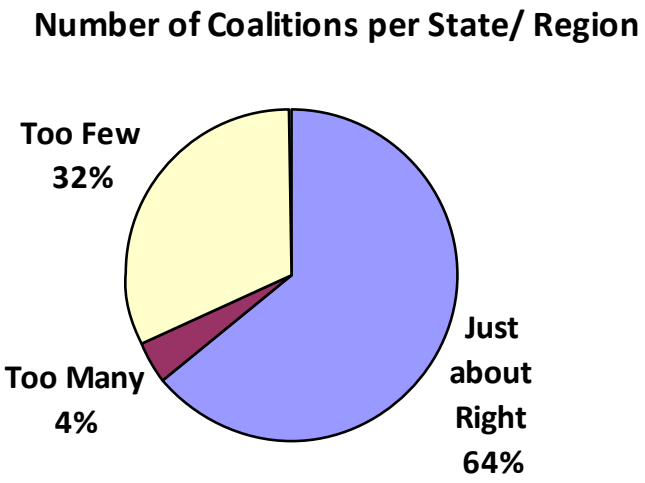


2. Support from DOE

- Two recurring responses received from Coordinators for additional support from DOE
  - National Branding /Marketing Support
    - Standardized marketing collateral, including presentation kits, pamphlets and brochures highlighting the Clean Cities "Brand"
    - Generic website to build from
    - Expand reach by forming stronger relationships with the largest fleets across the country
  - Training
    - On new alternate fuel technologies & their benefits
    - Through conferences to promote interaction & sharing of best practices
- Stakeholders generally felt that Clean Cities is a "best kept secret" and DOE should take on a national branding effort to market/gain greater visibility

Growth

A strategic approach for future coalition growth/ additional support was studied.



- Majority felt that there was just about right number of coalitions in each state/ geographic region
- Few of the suggested areas for future coalition growth/ additional support were
- States: Utah, Arizona, Alabama, New Jersey, Pennsylvania and Montana
- Regions: Western Michigan, western and panhandle regions of Texas central New York, northern California, central Oregon, and both eastern & western regions in Arizona
- Cities: Los Angeles (CA), New York City (NY), Tampa (FL), Jacksonville (FL), Tallahassee (FL), Chattanooga (TN), Springfield (MO), Baker City (OR), Charleston (SC), and some of major metropolitan cities in the Northeast

Growth

Fleet Vehicle Sales – Geographic

Fleets play a key role in petroleum consumption and stakeholder participation. The following top Designated Marketing Areas (DMAs) by fleet sales were cross referenced with the Clean Cities Coalitions to identify the top 30 DMAs with significant fleet sales but no/low coalition support

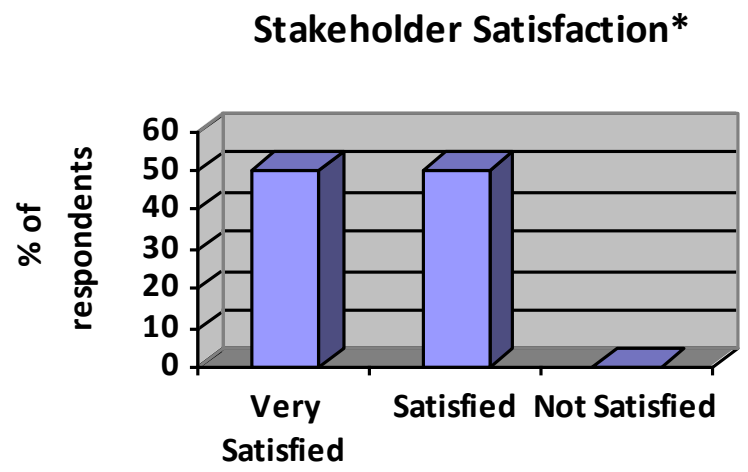
#	Designated Market Area (DMA)*	ST
1	ANCHORAGE	AK
2	BIRMINGHAM	AL
3	MOBILE	AL
4	MONTGOMERY	AL
5	HUNTSVILLE	AL
6	TAMPA ST PETERSBRG CLEARWATER	FL
7	JACKSONVILLE	FL
8	FT MYERS CAPE CORAL	FL
9	SARASOTA BRADENTON	FL
10	LAKELAND WINTER HAVEN	FL
11	NAPLES	FL
12	MELBOURNE TITUSVILLE PALM BCH	FL
13	PENSACOLA	FL
14	SAVANNAH	GA
15	WICHITA	KS

#	Designated Market Area (DMA)*	ST
16	SHREVEPORT BOSSIER CITY	LA
17	GRAND RPDS MUSKEGON HOLLAND	MI
18	SPRINGFIELD	MO
19	JACKSON	MS
20	WILMINGTON	NC
21	HARRISBURG LEBANON CARLISLE	PA
22	ALLENTOWN BETHLEHM EASTON	PA
23	SCRANTON WILKS BARRE HAZELTON	PA
24	LANCASTER	PA
25	YORK	PA
26	NEWBURGH NY	NY
27	ODESSA MIDLAND	TX
28	EL PASO	TX
29	SPOKANE	WA
30	APPLETON OSHKOSH NEENAH	WI

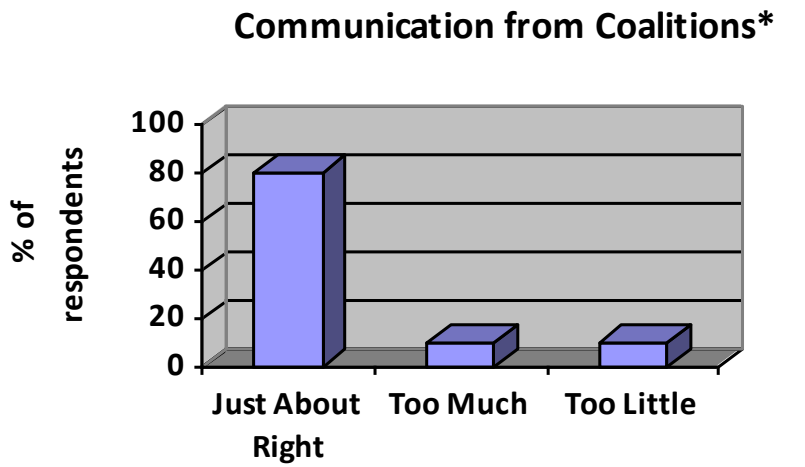
Stakeholder Satisfaction

Stakeholders were also asked to provide their feedback on their satisfaction with the Program

- All mentioned that they were satisfied and among them 50% were actually very satisfied
- Most of them felt that they were receiving just about enough communication from Coordinators
- Some also felt that coalitions are doing a good job on communicating about events and opportunities on a timely basis



**Stakeholders Response Only*



**Stakeholders Response Only*

Summary

- **Current State**
  - There was a correlation between petroleum displaced and Coordinator hours per week (high) and funding (moderate)
- **Effectiveness**
  - There was no “one size fits all” approach for coalitions: organizational reach and business model can vary, though there are advantages to each.
  - There was a moderate level of collaboration between coalitions and most agree that for states with multiple coalitions a state-wide coordinator could be beneficial.
- **Efficiencies**
  - There was high degree of interest in additional visibility/marketing support for the Clean Cities Program.
- **Growth Opportunities**
  - While many felt that Clean Cities coverage was “about right”, several regions were identified for growth.

Next Steps

- Gather remaining input from Coordinators, Stakeholders and DOE/Clean Cities Management
- Finalize recommendations from study
- Integrate recommendations into overall Clean Cities Strategy
- Present recommendations at November Leadership Retreat

Questions?

Thank you

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