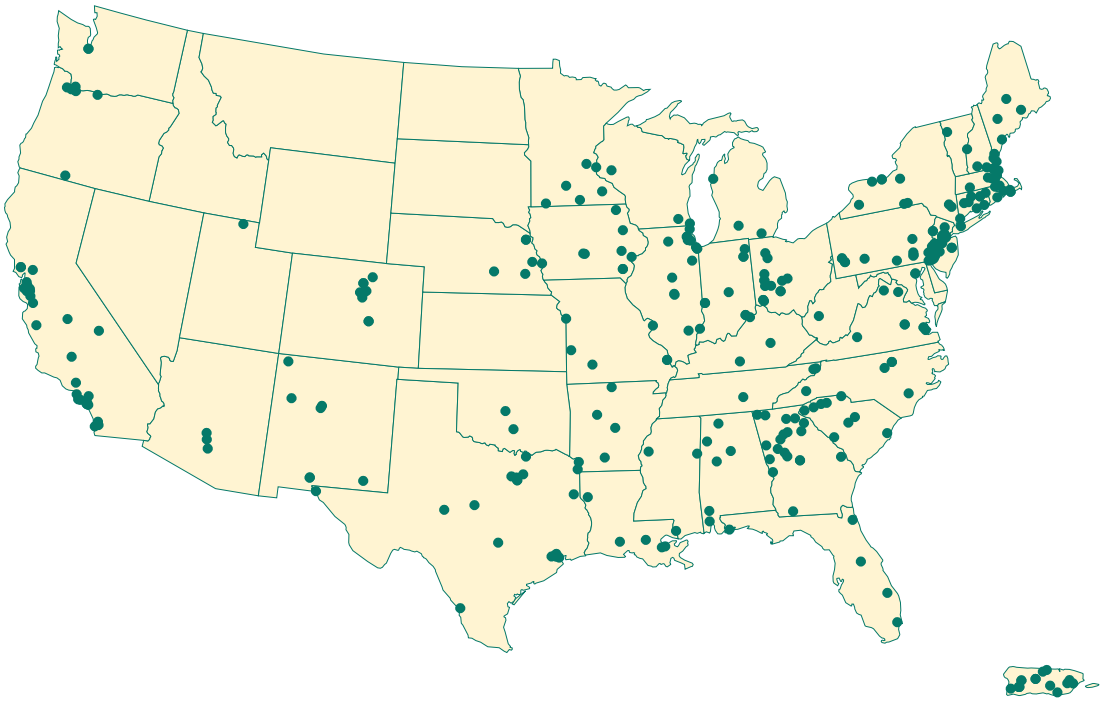
PERFORMANCE TRACK
PROGRESS REPORT

Top Performers.
Solid Results.

National Environmental PerformanceTrack
U.S. Environmental Protection Agency

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Location of Performance Track Members



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EXECUTIVE SUMMARY

This report describes the mission and activities of Performance Track, its members' achievements to date, and the goals for the future of the program.

In the less than three years since it was launched, Performance Track has:

- Grown to include over 300 members, from among the more than 400 that have applied;
- Enlisted broad corporate support from such leaders as Johnson & Johnson, IBM, 3M, International Paper, Lockheed Martin, and Rockwell Collins;
- Engaged 19 trade, professional, and environmental organizations in the Performance Track Network;
- Improved environmental management systems at member facilities through site visits;
- Advanced environmental performance measurement;
- Created a learning community of members, government, associations, and prospective members;
- Strengthened links among federal and state performance-based excellence programs; and
- Developed proposals for regulatory and policy changes that allow for better environmental and business performance.

Commitment to continuous environmental improvement is a core value of Performance Track. In their first year of participation, Performance Track members have gone beyond legal requirements to reduce:

- Energy use by 1.1 million mmBtus
- Water use by 475 million gallons
- Hazardous materials use by 908 tons
- Emissions of volatile organic compounds (VOCs) by 329 tons
- Emissions of air toxics by 57 tons
- Emissions of nitrogen oxides (NO_x) by 152 tons
- Discharges to water of biochemical oxygen demand (BOD), chemical oxygen demand (COD), and total suspended solids (TSS) by 1,327 tons
- Toxic discharges to water by 5,543 tons
- Solid waste by 150,000 tons
- Hazardous waste by 692 tons

Members also increased their use of reused and recycled materials by 10,823 tons and preserved or restored 2,698 acres of habitat.

EPA will continue to build Performance Track by increasing the environmental and the business value of the program, increasing membership, and expanding program ownership among Agency programs, states, corporations, and trade and environmental groups.

WHY PERFORMANCE TRACK?

The U.S. Environmental Protection Agency's National Environmental Performance Track (Performance Track) program recognizes and rewards facilities that consistently exceed regulatory requirements, work closely with their communities, and excel in protecting the environment and public health.

Performance Track is based on the premise that government should complement existing programs with new tools and strategies that not only protect people and the environment, but also capture opportunities for reducing costs and spurring technological innovation. The program's mission is to improve environmental performance, transform relationships, and encourage innovation. Performance Track *encourages performance improvements* by supporting environmental goals that go beyond compliance, offering recommendations during site visits, and providing opportunities for the sharing of information among members. The program *transforms the relationship* between regulators and regulated facilities to make them more collaborative, cooperative, and focused on results. *Innovation* is encouraged through peer networking, regulatory changes, and the program's focus on fostering a culture of continuous improvement.

Launched in June 2000, the program has more than 300 members in 41 states and Puerto Rico, representing virtually every manufacturing sector as well as facilities in the public sector. All U.S. facilities, large and small, public and private, may apply to Performance Track. Participants must meet a set of criteria to be accepted into the program. Once accepted, members receive a range of benefits and incentives to motivate and enable them to make further improvements.

EPA is pleased to present this first progress report, which describes the mission and activities of Performance Track, its members' achievements to date, and the goals for the future of the program.

" Performance Track gives us recognition for the good work we are doing and encourages employees to do more."

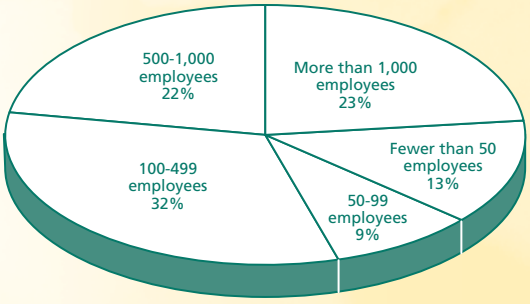
Evet L. Vera
Baxter Healthcare/
Aibonito, P.R.

Building on Experience

Performance Track builds on lessons that EPA has learned from state environmental leadership programs and from its own efforts, such as the Common Sense Initiative, the Environmental Leadership Program, and EPA Region 1's Star Track program. Through these early initiatives, EPA learned the importance of keeping program design simple, keeping transaction costs low, and delivering measurable results.

EPA's initial proposal to develop Performance Track was published in its July 1999 report, *Aiming for Excellence.* The Agency consulted extensively with stakeholders and state environmental agencies to develop and refine the proposal. The program was launched officially on June 26, 2000. EPA accepted 228 facilities as Charter Members during its first round of applications, welcoming them at a ceremony in Washington, DC, on December 13, 2000.

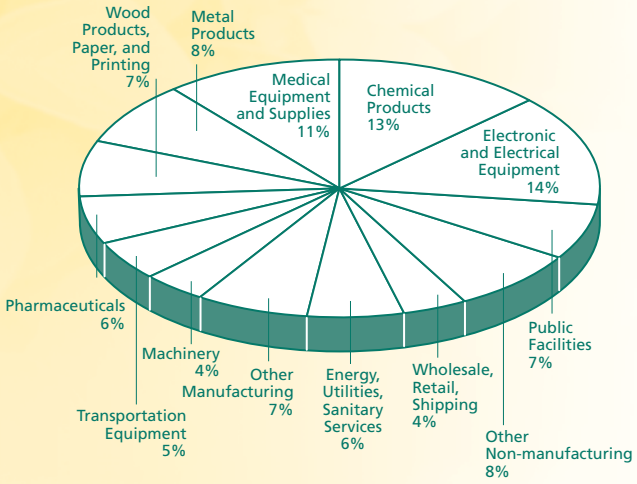
Size of Performance Track Facilities



In early 2001, incoming Administrator Christie Whitman reaffirmed support for the Performance Track program. "Performance Track is an important public/private partnership that encourages environmental excellence, involves communities in environmental protection, and focuses on measurable results," she said in a letter to new members. Since then, Administrator Whitman has welcomed new members to Performance Track personally.

By the end of February 2003, Performance Track had held five rounds of applications, receiving 421 applications and accepting 345. The program currently has 304 members.

Distribution of Performance Track Members Across Sectors



Program Structure and Criteria

The structure of Performance Track consists of a core staff in EPA's Office of Policy, Economics, and Innovation and regional Performance Track Coordinators in each of the Agency's 10 regional offices. EPA staff work with state environmental agencies to review applications to the program, conduct site visits at member facilities, promote Performance Track and similar state performance-based programs, and develop program policy.

Performance Track accepts applications twice each year: from February 1 to April 30 and from August 1 to October 31. The Performance Track application can be found at **http://www.epa.gov/performancetrack/apps/app.htm.**

The application was designed to be as clear and user-friendly as possible while gathering enough information to demonstrate that an applicant meets Performance Track's criteria in four key areas:

1. Establishing and maintaining a comprehensive environmental management system (EMS);
2. Going beyond legal requirements as evidence of its commitment to continuous environmental improvement;
3. Informing and seeking input from its local community about the facility's environmental performance; and
4. Maintaining a record of sustained compliance with environmental requirements.

In meeting the second criterion, applicants commit to four quantitative goals for improving their environmental performance. Small facilities commit to two goals. Facilities choose these goals from among the categories listed in Table A, such as water use, hazardous waste, or nitrogen oxide emissions.

Facilities are accepted into Performance Track for a three-year period, after which they can renew their membership by committing to four new goals (or two, for small facilities).

TABLE A: *Categories and Aspects of Performance Track Member Goals*

Category	Aspect
Energy Use	Total Energy Use
Water Use	Total Water Use
Materials Use	Total Materials Use Hazardous Materials Use Recycled/Reused Materials Use
Air Emissions (Including Motor Vehicles)	Emissions of Greenhouse Gases Emissions of Ozone-Depleting Gases Emissions of Volatile Organic Compounds (VOCs) Emissions of Nitrogen Oxides (NO_x) Emissions of Sulfur Dioxide Emissions of Particulate Matter Emissions of Carbon Monoxide Emissions of Toxics
Waste	Total Solid Waste Hazardous Waste
Habitat Preservation/Restoration	Removal Remediation Habitat Impacts
Discharges to Water	Discharges to Water: Chemical Oxygen Demand (COD) Discharges to Water: Biochemical Oxygen Demand (BOD) Discharges of Toxics to Water Discharges of Total Suspended Solids to Water Discharges of Pathogens to Water Discharges of Nutrients to Water Sediment from Runoff
Accidental Releases	Release History Vulnerability and Potential for Releases
Product Performance	Expected Lifetime Energy Use of Product Expected Waste (to Air, Water, Land) of Product Packaging Materials Used in Product Waste to Air, Water, Land from Disposal or Recovery of Product
Other	Noise Odor

Each year, members submit an annual performance report documenting progress toward meeting their goals and major activities undertaken as part of their EMS. This report is due on April 1 for the preceding calendar year. Results from the first set of annual performance reports are presented on pages 9–14.

EPA designed Performance Track's admission process to be simple and low in cost to both the Agency and facilities. Because the process does not include a site visit before each facility is selected into the program, EPA Performance Track staff and state officials visit a portion of Performance Track member facilities each year. A site visit provides EPA with the opportunity to verify the information presented in a facility's application, par ticularly the quality of its EMS, and progress toward its performance goals. EPA provides an assessment of the facility's programs and progress relative to other facilities in the Performance Track program and may suggest opportunities for improvements or part nerships with other firms and sources of technical expertise. The site visit also helps EPA and states to establish a relationship with the facility's key environmental staff and top management. These relationships then can facilitate an ongoing dialogue between EPA and facilities on ways to improve Performance Track and its benefits.

Through December 2002, EPA had conducted site visits at 79 Performance Track facilities. Sixty-eight percent of the site visits have shown that the member facility fully met all program criteria, often in exemplary ways. The facility was implementing an effective EMS, making progress toward its performance goals, reaching out to its com munity, and complying with legal requirements. Thirty-two percent of the site visits revealed areas for improvement. Some of these facilities continued to meet basic pro-gram criteria but were advised to strengthen their EMS, revise their performance goals, or improve their public outreach programs. However, 22 of these facilities had more sig nificant issues and fell short of meeting program criteria. EPA asked these facilities to withdraw from the program, and they are no longer members of Performance Track.

A total of 41 facilities have left the program since its inception. Facilities may be removed from Performance Track at their own request, for failing to continue to meet the program entry criteria, or for failing to submit a complete annual performance report. The most common reasons for leaving were: EMS deficiencies found during site visits (22 facilities), facility closure or reorganization (6 facilities), and failure to submit an annual performance report (5 facilities). Eight facilities have left the program for other reasons. In all cases, EPA encourages facilities to reapply to Performance Track when they are able to meet the program criteria.

THE FIRST YEAR OF PROGRESS

Performance Track members commit to attain performance goals within three years. Facilities commit to at least four environmental goals (two for small facilities), which they select from the categories and aspects shown in Table A on page 5. Each facility chooses its goals based on its individual environmental impacts. For example, paper mills use large amounts of water, so many of the paper mills in Performance Track have committed to reducing water discharges. Facilities that use large amounts of solvent often commit to reducing their use of hazardous solvents or to reducing solvent emissions.

Performance Track Member Goals

Table B (see page 8) presents the goals set by Performance Track members that were accepted through 2002. By fulfilling these goals, Performance Track members collectively will within three years:

Reduce their emissions of volatile organic compounds by 460 tons, equivalent to the effect of *taking nearly 30,000 cars off the road;*

Reduce their annual energy consumption by 2.3 million mmBtus, equivalent to the *energy used by approximately 22,200 households in a year;*

Reduce their generation of solid waste by 202,655 tons, equivalent to the amount *generated by some 257,069 Americans each year;*

Reduce their water consumption by 2.5 billion gallons, *enough to fill 2,500 Olympic-size swimming pools*; and

Increase preserved or restored habitat by 3,600 acres, *an area equivalent to that of 3,267 football fields.*

Performance Track Member Achievements

Performance Track facilities improved their environmental performance significantly during their first year in the program. All improvements reported to the program exceeded those required by law. Some of these achievements were in areas such as air pollution, water pollution, and solid waste, which have been the focus of environ mental regulations and industry efforts for many years. Other achievements reduced impacts in areas that are recent or emerging environmental priorities and are essentially unregulated, such as materials use, water use, energy use, and habitat preservation.

This report presents the results from the first annual reports submitted by member

TABLE B: *Performance Track Members' Goals Accepted through 2002*

	Number of Members With Goals	Projected Reduction In Year 3 of Membership
Energy Consumption	110	2.3 million mmBtus[1]
Water Consumption	117	2.5 billion gallons[2]
Materials Use		
Total Materials Use	84	31,200 tons[3]
Hazardous Materials Use	36	6,700 tons[4]
Recycled/reused Materials Use	33	140,000 tons (increase)[5]
Air Emissions		
Greenhouse Gases	58	14,870 tons[6]
Volatile Organic Compounds	44	460 tons[7]
Air Toxics	20	160 tons[8]
Nitrogen Oxides	14	2,600 tons
Particulate Matter	5	19 tons[9]
Sulfur Dioxide	4	8,200 tons
Ozone-depleting Compounds	4	9 tons
Carbon Monoxide	1	1 ton
Other	1	
Solid Waste Generation	179	202,655 tons[10]
Hazardous Waste Generation	94	5,599 tons[11]
Habitat Preservation and Restoration	21	3,600 acres (increase)[12]
Discharges to Water		
Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Total Suspended Solids (TSS)	20	26.3 million pounds[13]
Toxics	17	39.8 million pounds
Product Packaging Materials Use	12	1,300 tons[14]

[1] Represents commitments from only 97 members due to missing or nonstandard data.
[2] Represents commitments from 63 members (").
[3] Represents commitments from 33 members (").
[4] Represents commitments from 31 members (").
[5] Represents commitments from 29 members (").
[6] Represents commitments from 53 members (").
[7] Represents commitments from 42 members (").
[8] Represents commitments from 19 members (").
[9] Represents commitments from 3 members (").
[10] Represents commitments from 94 members (").
[11] Represents commitments from 90 members (").
[12] Represents commitments from 17 members (").
[13] Represents commitments from 18 members (").
[14] Represents commitments from 11 members (").

facilities, representing their first year of progress toward their three-year goals. The reports covered performance during the 2001 calendar year. Only members admitted by the end of 2001, a total of 247 facilities, were required to report. EPA received reports from 227 facilities; the remaining 20 facilities have left the program.

EPA received data on progress on 22 types of environmental impacts. Aggregate performance improved in the following areas:

- Air emissions (volatile organic compounds, nitrogen oxides, carbon monoxide, sulfur oxides, air toxics, particulate matter, ozone-depleting chemicals);
- Discharges to water (suspended solids, biochemical oxygen demand, chemical oxygen demand, toxics);
- Hazardous and nonhazardous waste;
- Consumption of energy, water, hazardous materials, recycled/reused materials, and packaging materials; and
- Habitat preservation and restoration.

Aggregate performance declined in two areas, greenhouse gas emissions and total materials use. The data suggest that the increases in materials use and greenhouse gas emissions are due largely to increases in production at many member facilities. Performance data on accidental releases could not be aggregated because of the variety of measurements used.

The graphs in this section may understate the aggregate achievements of Performance Track members. They do not include some results reported in nonstandard terms that could not be converted to common measures. For example, one member more than halved the amount of materials used in its product packaging, but was unable to convert its measurement units from cubic feet to a standard weight-based measure. EPA worked closely with many members to standardize their reporting so that their achievements could be included in this report, but not all data could be standardized before the report went to print. The graphs starting on page 11 show how many facilities contributed to the results shown.

In addition to aggregate data, this section also presents achievements of individual Performance Track facilities that have reduced their environmental impacts per unit of production. A facility that reduces its environmental impact per unit of production is becoming more "eco-efficient." For example, member facility BMW Manufacturing of Greer, South Carolina, increased its production of vehicles by 137 percent between 1999 and 2001 while its energy use increased by only 20 percent. The energy use per vehicle was reduced by approximately 50 percent, representing a substantial improvement in eco-efficiency.

Performance Track members showed eco-efficiency improvement in 72 percent of the impacts included in their 2001 reports. In 67 percent of the cases, they showed absolute

reductions in impacts. Note that a facility with increasing production could increase its eco-efficiency while also increasing its environmental impact.

Each facility's Annual Performance Report is available at the Performance Track Web site **http://www.epa.gov/performancetrack/particip/index.htm.** The following pages present Performance Track members' progress during 2001 by type of environmental impact. The aggregate goals used here only include commitments from those facilities admitted to the program in 2001. These goals differ from the aggregate goals presented on page 7, which also include commitments from facilities admitted in 2002.

Energy Use

Members reported an overall 6 percent decline in energy consumption during their first year, putting them two-thirds of the way toward their three-year goal.

Water Use

Members reported a 5 percent decline in water use, putting them one-third of the way toward their three-year goal.

Materials Use

Members reported a 5 percent increase in materials use. This is due in large part to production increases at many facilities. Members reported an 11 percent decrease in the use of hazardous materials, and an 81 percent increase in the use of recycled or reused materials.

Air Emissions

Members reported decreases in all air emissions except for greenhouse gases, which increased. This is due in large part to production increases at many facilities. In addition to the results shown here, three members reduced their emissions of particulate matter by 5 percent, one member reduced its emissions of sulfur dioxide by 28 percent, four members reduced emissions of ozone-depleting compounds by 33 percent, and one member reduced carbon monoxide emissions by 67 percent.

Solid Waste

Members reported an 11 percent reduction in the generation of solid waste, exceeding their three-year goal in their first year. In addition to the results shown here, three members reduced their use of packaging materials in the first year by 53 percent.

Hazardous Waste

Members reduced their generation of hazardous waste by 8 percent, putting them 20 percent of the way toward their three-year goal.

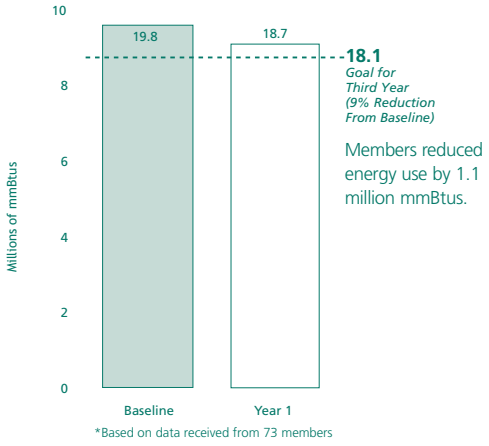
Habitat Preservation and Restoration

Members preserved or restored an additional 2,698 acres of habitat in their first year, putting them 90 percent of the way toward their three-year goal.

Discharges to Water

Members reported decreases in discharges to water, as measured by reductions in biochemical oxygen demand (BOD), chemical oxygen demand (COD), total suspended solids (TSS), and toxics.

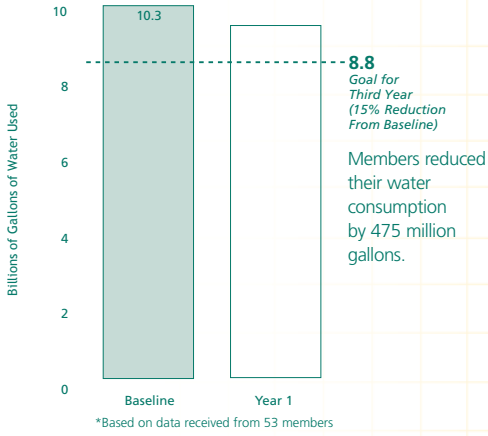
*First-Year Reductions In Energy Use**



Members reduced energy use by 1.1 million mmBtus.

*Based on data received from 73 members

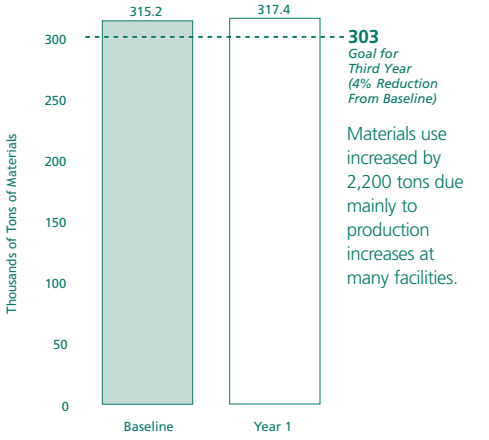
*First-Year Reductions In Water Use**



Members reduced their water consumption by 475 million gallons.

*Based on data received from 53 members

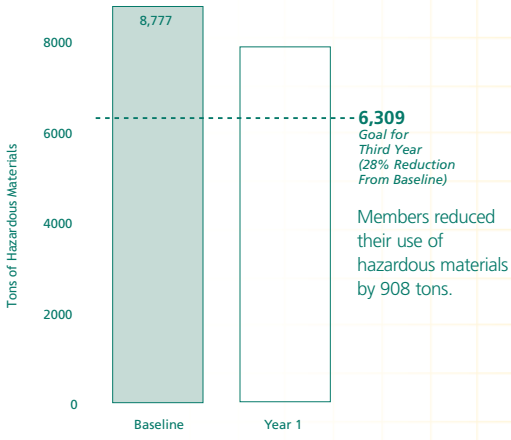
*First-Year Changes In Total Materials Use**



Materials use increased by 2,200 tons due mainly to production increases at many facilities.

*Based on data received from 30 members

*First-Year Reductions In Hazardous Materials Use**



Members reduced their use of hazardous materials by 908 tons.

*Based on data received from 23 members

FEATURED FACILITY

Baxter Caribe

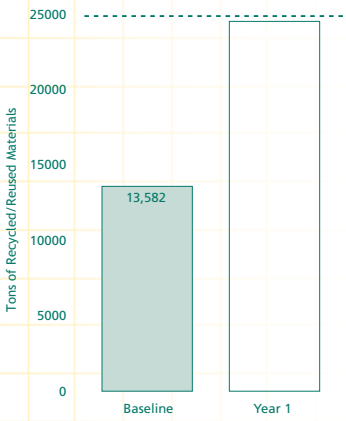
Baxter Caribe, an inhalation anesthetics facility with 206 employees in Guayama, Puerto Rico, is one of Baxter Healthcare's 250 facilities worldwide. In its first year as a member of Performance Track, the facility cut its use of solvents to reduce its hazardous waste per pound of product by 33 percent. In doing so, the facility surpassed its already ambitious goal to reduce hazardous waste by 30 percent per pound of product over three years. Baxter Caribe also reported progress on its reduction of VOCs, even though it had made no goals to reduce those emissions under Performance Track. The facility reduced emissions by closing inefficient operations and integrating production in a modern facility.

FEATURED FACILITY

Naval Air Engineering Station

The Naval Air Engineering Station, located in Lakehurst, New Jersey, is one of a growing number of public-sector facilities that have been accepted to Performance Track. Part of the U.S. Navy's Naval Air Systems Command, the facility employs 4,100 people. In its first year of membership, the station exceeded two of its four three-year targets, reducing water use per employee by 22 percent (its three-year goal was for a 5 percent reduction) and NO_x emissions by 36 percent per square foot of heated space (with a three-year goal of a 35 percent).The facility also drafted a master plan outlining areas where grassland habitat will be preserved and managed, and plans to increase its current allocation of 1,102 acres of preserved land to 1,225 acres in 2003.

*First-Year Increases in Recycled/Reused Materials Use**

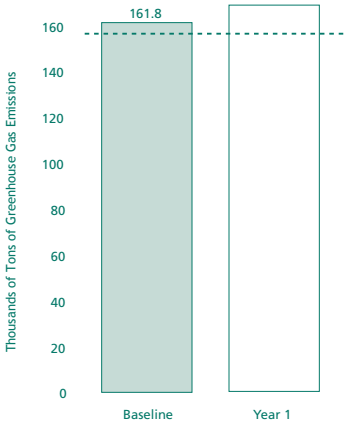


24,789
Goal for Third Year (83% Increase Over Baseline)

Members increased their use of recycled or reused materials by 10,823 tons.

*Based on data received from 21 members

*First-Year Changes In Greenhouse Gas Emissions**

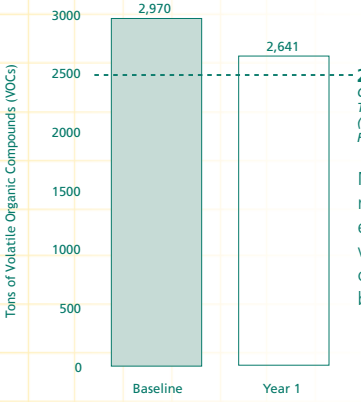


156
Goal for Third Year (4% Reduction From Baseline)

Greenhouse gas emissions increased by 7,600 tons due mainly to increases in production at many facilities.

*Based on data received from 21 members

*First-Year Reductions In VOC Emissions**

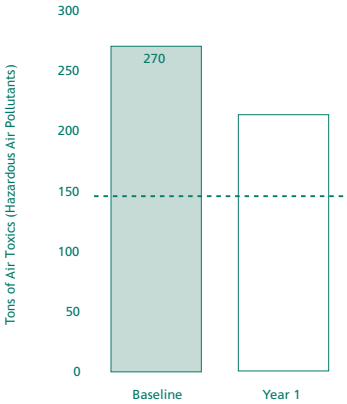


2,591
Goal for Third Year (13% Reduction From Baseline)

Members reduced emissions of volatile organic compounds by 329 tons.

*Based on data received from 36 members

*First -Year Reductions In Air Toxics Emissions**

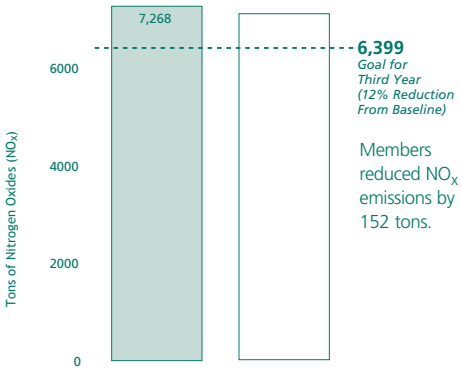


145
Goal for Third Year (46% Reduction From Baseline)

Members reduced emissions of air toxics by 57 tons.

*Based on data received from 16 members

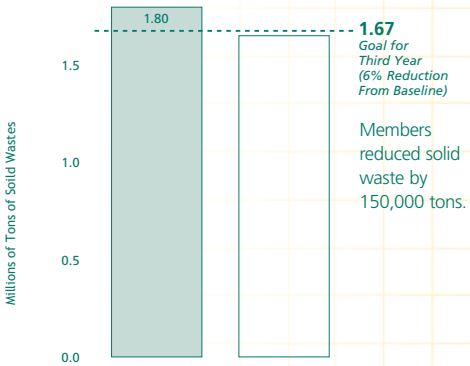
First-Year Reductions In NO_x Emissions*



Members reduced NO_x emissions by 152 tons.

*Based on data received from 8 members

First-Year Reductions In Solid Waste*



Members reduced solid waste by 150,000 tons.

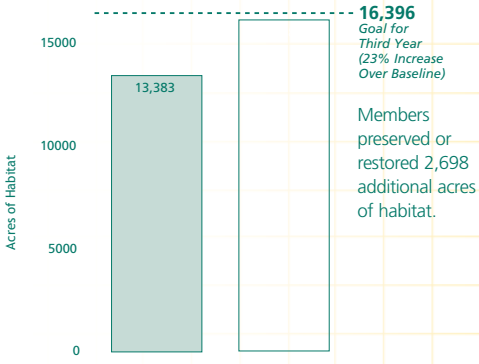
*Based on data received from 86 members

First-Year Reductions In Hazardous Waste

Members cut their generation of hazardous waste by 692 tons.

*Based on data received from 76 members

First-Year Increases in Preserved/Restored Habitat*



Members preserved or restored 2,698 additional acres of habitat.

*Based on data received from 10 members

FEATURED FACILITY

Lansing Cleaners

One of Performance Track's smaller member facilities, Lansing Cleaners of Lansing, Illinois, employs 130 people. It specializes in dry-cleaning and restoring fire-damaged garments. The company has reduced its use of per-chloroethylene, a toxic air pollutant, by 44 percent per pound of clothes cleaned between 1999 and 2001, and reduced its generation of hazardous waste by 55 percent per pound of clothes cleaned. Lansing Cleaners also replaced two vans in its fleet with models that run on compressed natural gas, reducing NO_x emissions by 45 percent.

FEATURED FACILITY

Wacker Siltronic

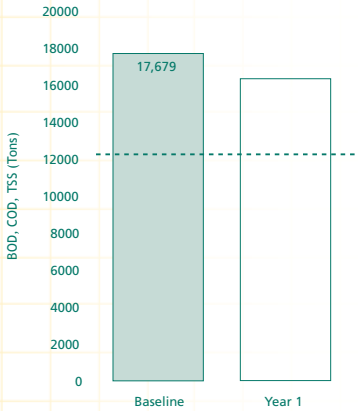
Wacker Siltronic makes silicon wafers in Portland, Oregon, where it employs approximately 1,500 people. The facility cut its production of solid waste by 59 percent per unit of production, a reduction of nearly 1.5 million pounds, by reusing and recycling materials such as pallets, scrap wood, sludge, plastic films, and plastic drums. The plant also reduced its emissions of volatile organic compounds (VOCs) by 13 percent per unit of production by reducing the use of VOC-based wax in a polishing process.

FEATURED FACILITIES

Rockwell Collins

With four of its Iowa facilities enrolled in Performance Track, the communication and aviation electronics manufacturer Rockwell Collins is an example of a company that has committed to Performance Track at the corporate level. The four facilities reduced their total waste by more than 19 percent in their first year of membership by adopting a comprehensive recycling program for paper, notebooks, metals, plastics, toner cartridges, and other materials. Two of the facilities, in Decorah and Manchester, Iowa, have reduced their use of toluene, a toxic chemical used in industrial spray painting, by 6 percent. The Manchester facility reduced its generation of hazardous waste by purchasing a drum compactor, which saved the facility nearly $12,000 in disposal costs. The company's facility in Bellevue, Iowa, reduced its use of soap by 72.5 percent, far exceeding its goal, and the Bellevue and Coralville facilities outperformed their goals to reduce water use.

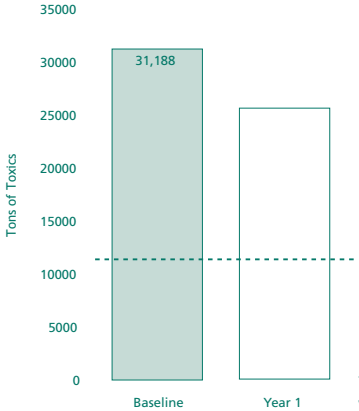
*First-Year Reductions In BOD, COD, and TSS**



*Based on data received from 12 members (BOD=Biochemical Oxygen Demand; COD=Chemical Oxygen Demand; TSS=Total Suspended Solids)

Members reduced discharges to water — as measured by biochemical oxygen demand, chemical oxygen demand, and total suspended solids — by 1,327 tons.

*First-Year Reductions In Toxic Discharges to Water**



*Based on data received from 14 members

Members reduced toxic discharges to water by 5,543 tons, an 18 percent decrease.

PROMOTING CONTINUOUS IMPROVEMENT

EPA seeks to establish Performance Track as a "gold standard" for environmental performance — a standard that facilities will strive to attain. To encourage facilities to aim for this standard, EPA adds value to Performance Track membership through recognition, networking, and regulatory and administrative incentives.

" We wanted to be part of an elite group of companies being recognized nationally for exemplary environmental performance."

David Korman
Skanska USA Building, Inc.

Recognition and Awareness

With today's heightened awareness of environmental concerns, facilities value their environmental reputations among their regulators, peers, investors, customers, employees, and local communities. Performance Track provides recognition for facilities, raising their environmental profile among these key constituents.

Facilities admitted to the program are recognized by the EPA Administrator at the Performance Track Annual Members Event in Washington, DC. They receive a certificate from the Administrator and may use the Performance Track logo to boost their public and employee relations. Many members display the logo on a flag outside their facility, and some facilities have produced caps, shirts, and other Performance Track logo items for their employees.

EPA highlights members' participation in Performance Track in letters sent to elected officials at the local, state, and national levels. Members' achievements also appear in trade publications read by facilities' peers and customers. To date, articles in 47 trade publications have featured Performance Track members.

EPA is "branding" Performance Track by marketing the program at important industry conferences, distributing media kits and video segments, and holding regional workshops. The program was featured on public television's "Environmental Review Series with Morley Safer."

EPA established the Performance Track Network, which currently has 19 partners. Partner organizations endorse the principles of Performance Track, promote the concept of continuous environmental improvement to their members, and inform their members about the opportunities offered by Performance Track. More information about the Performance Track Network is available at **http://www.epa.gov/performancetrack/partners/trade.htm.**

NUCOR Bar Mill-Auburn facility highlights its environmental achievements.

Membership and Partnership Services

Members of Performance Track benefit from a number of services:

- **Bimonthly Tele-Seminars** — enable members to discuss timely issues, techniques for furthering environmental performance, and important regulatory changes.
- **Regional Events** — facilitate networking among members and provide a forum to recognize facilities for their achievements.
- **EPA Roundtables** — with representation by state and EPA officials, enable members to meet with regulators to discuss Performance Track, related issues and concerns.
- **Annual Member Event** — provides a forum for recognition, networking, and workshops.

Creating a Learning Network

The Performance Track program helps members share best practices and lessons learned, effectively creating a learning network.

Each EPA regional office holds meetings during which members exchange ideas with each other and with regional administrators and staff. These meetings also generate feedback and suggestions for improving and expanding the Performance Track program. Performance Track also holds tele-seminars to feature member facilities' best practices. For example, International Paper recently presented the business case for participation in Performance Track, and Baxter International presented the financial and other benefits of pursuing sustainable development.

The program is working with the National Environmental Education and Training Foundation to develop a Leadership Practices Database that will help facilities share information and learn from one another to improve their environmental performance.

Every two months, EPA e-mails "P-Track News" to members and other stakeholders. This electronic newsletter contains program updates, member achievements, and information on EPA activities of interest to members.

Performance Track members have formed a private, independent membership association, the Performance Track Participants' Association, that provides a forum for members, trade associations, and public entities dedicated to improving their environmental performance. Additional information on the Performance Track Participants' Association may be found at **http://www.ptpaonline.org.**

Regulatory and Administrative Incentives

Members clearly value the recognition, networking, and learning benefits of participating in Performance Track. The program goes further, however, by incorporating Performance Track into EPA's regulatory programs and policies and by providing incentives for Performance Track members. This enables them to focus on continuous improvement by reducing some of the routine administrative costs of regulation and allowing them additional administrative flexibility in certain cases. These benefits allow the facilities to operate more efficiently and to respond more rapidly to changes in their business environment. The benefits also enable members to dedicate more of their efforts to developing best practices and identifying opportunities for innovation. Given their history of strong compliance, commitment to measurable improvement, and effectiveness in environmental management, Performance Track members have distinguished themselves from other regulated facilities.

Regulatory changes (described below) benefit government as well as members of Performance Track. They enable agencies to focus their assistance, inspection, and

enforcement resources on other facilities that require closer oversight. These agencies may exchange certain kinds of routine information (which is necessary for facilities with less exemplary records and capabilities) for information related to performance and management that may offer more value for government, customers, communities, and others.

Low Priority for Routine Inspections

Over the past year EPA has worked to develop and implement incentives that recognize members' commitment to compliance and environmental stewardship. This commitment is demonstrated by certain Performance Track program elements, including the implementation of an EMS that requires a commitment to compliance, periodic audits of the EMS and environmental compliance, and an annual certification of compliance. In recognition of these and other program elements, facilities in Performance Track are given a low priority for routine inspections by EPA.

Proposed Performance Track Rule Reduces Burden of Regulations

EPA also has begun a long-term process of modifying its regulatory programs and policies as they apply to members. Under the first Performance Track rulemaking, proposed in August 2002, member facilities would be allowed to store hazardous waste on-site for 180 days or more, rather than the current 90 days. This benefit could reduce waste disposal costs at 34-43 member facilities, saving them a total of $60,000 annually. In addition, members subject to the Clean Air Act's Maximum Available Control Technology (MACT) requirements could report annually rather than semiannually. Other provisions of the proposed rule could reduce reporting costs at publicly owned treatment works. The rule will be finalized during the summer of 2003.

Performance Track Integrated into Other EPA Rules

EPA has proposed to reduce the burden of compliance for all facilities subject to the Resource Conservation and Recovery Act (RCRA). A final rule based on this proposal will be issued during the summer of 2003. Under this rule, Performance Track members may see additional reductions in burden beyond those available to other facilities.

Under proposed changes to MACT, all facilities would be able to apply for less-burdensome alternative compliance options when they use pollution prevention measures to reduce their emissions below a threshold level. Members would be given a shorter review time by the Agency and provided with a designated point of contact to assist them in the process.

" I am impressed with the tremendous enthusiasm and support that Performance Track members are showing for this program."

EPA Region II Administrator
Jane Kenny

Permitting, Reporting, and Recordkeeping

Additional regulatory changes that would apply to Performance Track members will address permitting, reporting, and recordkeeping. EPA is evaluating mechanisms for making innovative air permitting options available to members. Pilot studies have shown that such options reduce costs and increase flexibility for facilities while leading to reduced emissions over time. Since states generally are the permitting authorities, EPA is working closely with several states to implement this proposal. Other permitting initiatives that would reduce processing time and increase regulatory certainty for members also are under consideration with several states.

EPA currently is developing a proposal that would eliminate or reduce the frequency of several categories of routine reporting from Performance Track facilities, as a measure of the Agency's greater degree of confidence in Performance Track members' management and performance. These changes are expected to result in significant efficiencies for member facilities.

WORKING WITH STATE PARTNERS

EPA and state governments are partners in implementing the Performance Track program and delivering benefits to member facilities. EPA works with the states to advance the principle that high-performing facilities should be recognized and rewarded for their accomplishments by enabling them to focus more on environmental progress than on process.

Recommendations from the states are crucial to EPA's decisions to admit facilities into Performance Track. State governments implement and enforce many environmental requirements and frequently have greater knowledge of potential member facilities than EPA does.

Performance Track complements and builds on the successful environmental performance programs launched by the program's state partners. Some of the state programs were established prior to Performance Track's inception and served as models for the national program. The establishment of Performance Track then helped to spur the development of additional state programs. In Performance Track's initial year, EPA awarded 21 states a total of $500,000 to support the development of state performance-based programs. Although some state programs are rooted in EMSs and others in pollution prevention, they all support environmental performance that goes beyond compliance. The table on page 20 lists state programs, the years they began, and the number of members in each program as of February 2003.

Both EPA and the states believe they can achieve more by working together than by pursuing their goals independently. Therefore, representatives of EPA and state agencies are in frequent contact as they coordinate the development and implementation of their programs. EPA consults with states on policy issues such as member implementation of EMSs. States also participate in site visits to Performance Track facilities, as well as in Performance Track member events at the national and regional levels.

States that wish to maximize the coordination of performance-based incentive programs with EPA may enter into a Memorandum of Agreement (MOA). EPA has signed MOAs with five states: Colorado, Massachusetts, Tennessee, Texas, and Virginia, and is working with several others to develop state-specific agreements. These MOAs provide a framework for joint recruitment, admissions, and delivery of incentives to program members. The agreements also affirm the intention of both EPA and the states to communicate the measurable environmental results achieved by their programs.

State Environmental Performance Programs

- **Colorado:** Environmental Leadership Program 1999, 21 members
- **Florida:** Partnership for Ecosystem Protection Program 2000, 10 members
- **Idaho:** GEMStars, 1998, 10 members
- **Illinois:** Regulatory Innovation Pilot Program 1995, 3 members
- **Louisiana:** Environmental Leadership Pollution Prevention Program 1995, 90 members
- **Maine:** Smart Tracks for Exceptional Performers and Upward Performers (STEP-UP) 2000, 7 members
- **Massachusetts:** Environmental Stewardship Program 2002, 5 members
- **Michigan:** Clean Corporate Citizen 2000, 52 members
- **New Mexico:** Green Zia Environmental Excellence Program 1999, 24 members
- **North Carolina:** Environmental Stewardship Initiative 2002, 26 members
- **Oregon:** Green Permits Program 1997, 3 members
- **South Carolina**: Environmental Excellence Program 1997, 59 members
- **Tennessee:** Pollution Prevention Partnership 2000, 51 members
- **Texas:** Clean Texas Leaders 1999, 216 members
- **Utah:** Clean Utah expected in 2003, no members yet
- **Vermont:** Business Environmental Partnership 1996, 60 members
- **Virginia:** Environmental Excellence Program 2000, 117 members
- **West Virginia:** Sustainable Business Program expected in 2003, no members yet
- **Wisconsin:** Green Tiers expected in 2003, no members yet

PERFORMANCE TRACK ASSISTANCE

EPA is in the process of creating an "on-ramp" to Performance Track to help facilities qualify for membership. Performance Track works with other EPA programs and with state programs to build capacity among facilities interested in improving their environmental performance, compliance, and management. Through this assistance, businesses may, over time, qualify for higher-level tracks in state programs and for membership in Performance Track.

The Performance Track Assistance Project (PTAP) helps trade associations work with their members to develop "better than compliance" EMSs that will meet the criteria of Performance Track as well as reduce facilities' costs and increase competitiveness. These efforts are focused particularly on trade associations that work with small businesses. As a result of this work, several trade associations have decided to modify their EMS guidelines so that they meet the Performance Track EMS criteria. The Performance Track Assistance Project coordinates these efforts with state partners and with EPA's Small Business Office, the Office of Environmental Policy and Innovation, the Design for the Environment Program, the Sector Strategies Program, and the Compliance Assistance Office.

EPA's Sector Strategies Program works closely with industry sectors to find solutions to the particular environmental challenges faced by facilities in each sector. These sector strategies often involve strengthening facilities' EMSs, compliance records, community outreach, and continuous improvement efforts — the same qualifications needed for Performance Track membership. The Sector Strategies Program thus helps to nurture and identify good candidates for Performance Track.

The new Performance Track Mentoring Program assists facilities as they prepare their Performance Track application. Mentors, who are Performance Track members, help candidate facilities identify appropriate beyond-compliance goals, develop measures of progress, describe community outreach, and otherwise demonstrate that they meet Performance Track criteria.

The American Furniture Manufacturers Association has developed a program entitled "Enhancing Furniture's Environmental Culture (EFEC)." EPA and the Association are working together to harmonize this program with Performance Track, so that EFEC members will meet Performance Track criteria for the EMS. This work will help ensure that Association facilities in EFEC are better prepared to qualify for national recognition under Performance Track.

LOOKING FORWARD

The National Environmental Performance Track is entering a new stage of growth and development. During its first two years, the program defined its purpose, basic policies, and core functions. It built a substantial membership base, name recognition, and support from federal and state agencies and industry. With this solid foundation in place, the program now is ready to broaden and deepen its membership, enhance its value and appeal as a standard of achievement, and expand its efforts to promote innovative performance-based approaches to protecting the environment. In the year ahead, Performance Track will concentrate on four goals that support its mission.

Goal 1: Increase environmental value

The experience, knowledge, and ingenuity of Performance Track members are a tremendous resource. EPA wants to help put that resource to work in a broader context, with members helping both current and potential members find new ways to improve environmental performance. EPA also wants to continue to expand ownership of environmental performance beyond the member facility to its surrounding community. Accordingly, Performance Track plans to work toward the following goals in the year ahead:

- Improve the ability to measure performance over time and across facilities;
- Build a learning community that facilitates better environmental performance;
- Encourage innovative approaches and sharing of best practices among members;
- Improve management systems through site visits and other efforts; and
- Increase performance accountability to communities and others.

Goal 2: Increase business value

EPA recognizes that Performance Track must offer tangible, quantifiable value for its members. The program is building on its existing benefits and incentives while creating new ones that will bring additional value to membership in Performance Track. In the year ahead, Performance Track will work to:

- Implement regulatory and policy changes that reduce costs and enhance flexibility;
- Promote dialogue among government, business, and communities;
- Continue to increase the "brand value" of the program; and
- Strengthen networks and opportunities for sharing information.

Goal 3: Increase program membership

Growth in membership adds environmental value as new members commit to improve their environmental performance. Growth also adds business value by increasing opportunities for the sharing of information and solutions among members. Finally, growth reinforces the institutionalization of Performance Track, building recognition for the program and demonstrating its long term value. During the coming year, Performance Track aims to:

- Maintain at least a 25 percent annual growth rate in applications;
- Work collaboratively with states and EPA programs to build capacity for new members;
- Engage environmental leaders in the government and nonprofit sectors; and
- Increase opportunities for corporate commitments to the program over time.

Goal 4: Expand ownership of the program

Performance Track needs the support and endorsement of a variety of stakeholders, including trade and environmental groups, state agencies, other EPA program offices, and corporate officials. EPA will pursue activities with each of these stakeholders to expand ownership of Performance Track. In the year ahead, Performance Track will:

- Engage nongovernmental organizations that stress partnerships with business;
- Strengthen and expand the Performance Track Network; and
- Continue to build linkages with state excellence and leadership programs.

NOTES

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