



Request for Supplemental Environmental Project Applications

July 2015

1.0 Background and Purpose

When a regulated entity is found to be in violation of federal or state environmental regulations, the Department of Public Health and Environment (the Department) or Environmental Protection Agency (EPA) may assess a monetary penalty or fine. The Department and EPA may allow an entity to offset a portion of the penalty if the facility agrees to implement a Supplemental Environmental Project (SEP).

The main elements of a SEP can generally be defined as follows:

- A voluntary project that benefits public health and/or the environment beyond any steps taken to correct the violation and beyond what is already required by law or regulation;
- A project that would not have been implemented but for inclusion in the settlement agreement;
- A project typically implemented in the region where the violation occurred; and
- While participation in a SEP is voluntary, if both the Department and the regulated entity agree to a SEP, it will be put into a Compliance Order on Consent or SEP Agreement with enforceable terms and conditions.

In April 2015, the EPA, the Department of Justice, and the State of Colorado announced a settlement with Noble Energy, Inc. (Noble), an energy company, that comprehensively identifies and addresses issues with vapor control systems at Noble's condensate storage tank batteries in the Denver-area 8-hour ozone marginal nonattainment area (nonattainment area). On June 2, 2015 the U.S. District Court of Colorado entered the settlement as final judgment, establishing the effective date to determine the deadline for Noble to meet certain obligations.

Of these obligations, Noble agreed to submit one or more possible SEP proposals for Department approval within 90 days after June 2, 2015. However, recognizing the importance of collaborative projects and community involvement, and building off a previously successful 2012 pilot process between the Department and another regulated entity, Noble and the Department (the parties) are working together to identify potential SEP proposals that will result in an expenditure by Noble of \$2 million and secure significant environmental or public health protection and improvement.

The parties are now inviting nonprofit organizations and governmental entities to submit SEP applications that will: benefit communities and neighborhoods in Colorado counties in the nonattainment area; and/or protect and enhance critical habitats that are highly impacted by oil and gas activities.

The parties look forward to approving approximately four to eight projects in this area. Project budgets should appropriately reflect the amount of environmental or public health protection and improvement received. Funding requests must be greater than \$250,000 and may not exceed \$500,000. Applicants will have up to three years to complete projects.

2.0 Application Procedures

2.1 Eligibility

Entities that are eligible to apply include:

- Public and governmental agencies (including schools and universities)
- Nonprofit organizations with a 501(c)(3) tax-exempt status. An IRS letter recognizing tax exempt status of organization is required and must be attached to the application in the Appendix.

2.2 Timeline for SEP Applications

Timeline for SEP Applications	
July 7, 2015	Release of application request
July 15, 2015	Informational session for interested applicants <u>Location:</u> University Center at the University of Northern Colorado. Spruce Room. 2101 10 th Avenue, Greeley, CO
July 29, 2015 at <u>2:00 pm</u>	Application Due Date
September 15, 2015	Estimated notification regarding application status
November 1, 2015	Estimated start date for funded applicant projects
November 1, 2018	All applicant projects <u>must</u> be completed and the final applicant project report submitted. (Applicant projects may be completed at any time prior to this date, but not after)

2.3 Informational Session for Interested Applicants

Though optional, interested applicants are encouraged to attend the informational session on Wednesday, July 15, 2015 from 3:00PM - 4:30PM. The location of this meeting will be at the University Center on the University of Northern Colorado campus in the Spruce Room. Address: 2101 10th Avenue, Greeley, CO. You may also join the meeting remotely via webinar. For instructions, please visit <http://www.colorado.gov/cdphe/SEP>.

If possible, all questions to be addressed at the Informational Session should be sent in writing via e-mail (use subject line: "SEP Questions") to cdphe.ppp2@state.co.us by July 13, 2015. Applicants without access to e-mail may call 303-692-2976 with questions. Questions regarding the application process will also be received during the informational session itself.

To attend the informational session, please RSVP by contacting Rachel Wilson-Roussel, Sustainability Unit Manager at 303-692-2976 or cdphe.ppp2@state.co.us (include in the subject line: "SEP Informational Session RSVP"). Please include organization name, name(s) of those attending, contact phone number(s) and e-mail address.

2.4 Submission of Applications

All applications must meet all of the formatting requirements in the checklist below.

- The body of the application, including the cover page, must not exceed eight (8) 8.5 x 11 inch pages using single spacing.
- Application appendices are also limited to eight (8) pages.
- Electronic applications must be submitted in Microsoft Word or PDF Format.
- Electronic applications, including any appendices, must be contained in a single electronic file that is less than 10 MB in size.

Please e-mail your completed application to the Department, cdphe.ppp2@state.co.us (use subject line: "SEP Application"). Please do not send an electronic file larger than 10 MB (megabytes) since the e-mail may not be successfully delivered to the Department's internal e-mail system.

If you are unable to provide an electronic application, please contact the Sustainability Unit Manager at 303-692-2976 for alternative submittal options.

Applications must be received by 2:00 pm on July 29, 2015 in order to be considered for this SEP opportunity. Incomplete applications, applications that do not meet one of the checklist requirements, and applications received after the deadline will not be accepted. All applicants will receive notification of the receipt of their application within three business days either via e-mail or a phone call if an e-mail address is unavailable.

All unfunded applications will be retained for two years for future consideration during Department enforcement action settlements. There are no guarantees a project will be selected.

3.0 SEP Priorities

The SEPs are intended to secure significant environmental or public health protection and improvement in the State of Colorado. The condensate storage tank batteries covered by this settlement are located in Weld County. Therefore, project preference will be given to those projects that will secure significant environmental or public health protection and improvement in Weld County. Projects that provide such benefits to other counties within the nonattainment area will also be considered. Finally, recognizing the statewide impacts to wildlife habitat from oil and gas development activities, projects that protect or enhance critical wildlife habitats currently in use by declining species (such as the greater sage-grouse and mule deer) will also be considered because these projects are intended to secure significant environmental improvement.

4.0 Eligible SEP Categories

Eligible projects must *directly* benefit the environment or public health protection and improvement in at least one priority area listed above and fall in one of the categories described below.

4.1 Pollution Prevention

For the purposes of developing a SEP, a pollution prevention project is any project that substantially reduces or prevents the generation or creation of pollutants through:

- Source reduction - eliminating the source of pollution by changing industrial processes or substituting less polluting fuels or less toxic raw materials in existing processes;
- Alternative/Renewable Energy, Energy Efficiency - application of measures and technologies to reduce/eliminate dependency upon traditional resources.
- Waste minimization - conserving those materials that are sources of pollution; this includes application of closed-loop processes or other resource-efficiency measures;
- In-process recycling - returning waste materials produced during a manufacturing process directly to production within the same manufacturing process using dedicated, fixed, and physically integrated equipment so that no releases, including fugitive releases, occur;
- Innovative recycling technologies - substantially reducing the discharge of generated pollutants through innovative recycling technologies that keep the pollutants out of the environment in perpetuity; and
- Conservation - protecting natural resources through conservation or increased efficiency in the use of energy, water or other materials.

4.2 Environmental Restoration and Protection

Within this category, preferred projects will address critical habitats currently being used by the greater sage-grouse. Examples of approvable projects include:

- Development of a conservation program or protection of habitat critical to the well-being of a species or ecosystem; and
- Purchase and management of a watershed area as an open space buffer zone to protect sensitive species.

4.3 Environmental Education and Training

Eligible projects may include an environmental education and training component, but must also include an action component providing measurable quantifiable environmental outcomes. Environmental education projects are intended to improve environmental behavior, raise the public's awareness of actions it can take to prevent pollution, and promote environmental sustainability. Environmental education projects increase public awareness and knowledge about environmental issues and provide the skills necessary to make informed decisions and take responsible actions. They teach individuals how to weigh various sides of an issue through critical thinking and enhance their own decision-making skills.

5.0 Application Evaluation Criteria

Threshold requirements that must be met before any proposal will be fully evaluated include:

- Submission of completed application form that meets all formatting requirements listed in Section 2.4; and
- Direct environmental benefits in accordance with SEP priorities listed in Section 3.0.

An evaluations committee will be formed that includes representation from the Department, the regulated entity as well as Weld County. The committee will evaluate proposals according to the following criteria:

5.1 Environmental or Public Health Protection and Improvement(0-50 points)

Priority will be given to projects that prevent or reduce discharges of pollutants into the environment or result in benefits to more than one media (air, water, waste, land or health).

- Amount of pollution avoided, reduced, recycled or resources conserved;
- Amount of critical habitat area protected/enhanced;
- Reduction in risk of human exposure to pollutants; and
- Amount of additional environmental or public health protection and improvement.

5.2 Project Evaluation and Measurable Results (0-20 points)

Priority will be given to projects that provide quantifiable, measurable environmental or public health protection and improvement.

- Potential for successful and measurable results;
- Clearly defined project outcomes;
- Identification of metrics that will be used and reported on;
- Description of how measurements will be made;
- Description of how the project will be evaluated; and
- Description of how project results will be communicated to the community and other organizations.

5.3 Feasibility of Successful Implementation (0-20 points)

Priority will be given to projects that identify committed community partners, support or leverage additional sources of funding, and have developed a plan for sustainability beyond the SEP funding.

- Feasibility of project and degree of practical implementation;
- Amount of community support and commitment; and
- Potential for ongoing viability and sustainability.

5.4 Experience and Qualifications (0-10 points)

- Level of applicant’s relevant education and/or experience;
- Qualifications of applicant that will make the project a success;
- Ability to complete the project; and
- Other sources of support.

6.0 Required Proposal Format and Instructions

6.1 Cover Sheet

The proposal cover sheet, included in **Appendix A** of this document, must contain the following information: project title, organization contact information, federal tax identification number, total amount of funding requested, matching/in-kind contribution (if any), contact information of the project manager.

6.2 Application Instructions

Applicants **must** use the format as indicated in the application template in **Appendix A** of this document.

6.2.1 Project Title: Please indicate the name of your project.

6.2.2 Geographical Area to Benefit Most Directly from Project: Identify neighborhoods, communities, cities, counties, watersheds, etc. benefiting from this project. Indicate specifically how this project will benefit the priority SEP areas listed in Section 3.0.

6.2.3 SEP Category: Please check one or more (if applicable) boxes to indicate which category of approvable SEPs the project falls under. Eligible categories include: Pollution Prevention, Environmental Restoration and Protection, and Environmental Education and Training. Note that research projects will not be allowed for this SEP opportunity.

6.2.4 Project Summary: Provide a concise and clearly stated overview of the proposed project including an estimate of expected environmental or public health protection and improvement. Please keep the summary to no more than 200 words.

6.2.5 Project Narrative: Provide a detailed description of the project including:

- Problem statement;
- Goals/objectives;
- Project strategies and activities;
- Technical information such as: equipment specifications, engineering diagrams, maps, calculations, etc. (May also be included in the Appendix)

6.2.6 Expected Environmental or Public Health Protection and Improvement: This criterion, described in Section 5.1 of this document, represents 50 points out of 100 total points for your application. Therefore, this section should be well-developed and describe in detail the expected environmental benefits or public health protection and improvement of this project. In addition, whenever possible, project benefits should be

quantified and a summary of the calculation method used and any assumptions made must be included in the Appendix.

- 6.2.7 Project Evaluation and Measurable Results: This criterion, described in Section 5.2 of this document, represents 20 points out of 100 total points for your application. Describe how your project will meet this criterion.
- 6.2.8 Feasibility of Successful Implementation: This criterion, described in Section 5.3 of this document, represents 20 points out of 100 total points for your application. Describe how your project will meet this criterion and address the following additional items:
- Need and support for the project in the community (letters of commitment and support are recommended and may be included in the Appendix);
 - Availability of other similar services or projects in the area (if applicable);
 - Identify project partners and describe partner roles; and
 - Describe the plan for project sustainability beyond the SEP funding.
- 6.2.9 Project Budget: SEP funding requests must be greater than \$250,000 and may not exceed \$500,000. Please complete the budget table included in the application template and itemize expenses according to the following budget categories:
- Personnel (salaries, wages & fringe) - Personnel directly working on the SEP project. Includes health insurances, retirement funds, FICA, etc. that are related to the personnel costs.
 - Materials and Supplies (under \$5,000) - Items that have a per-unit cost of less than \$5,000.
 - Major Equipment (over \$5,000) - Items that have a per-unit cost of \$5,000 or more with a lifespan of at least one year. Include shipping/freight charges, fabrication, and installation.
 - Contractors/Subcontractors - Outside labor hired under SEP Project. Budget breakdown for each is required.
 - Other Direct Costs - Costs not covered by categories listed above.
 - Indirect Cost (Limited to no more than 10% of total direct costs)
- The description of each line item should sufficiently communicate the intended use of those funds. Add lines to the budget table as necessary. Additional budget information may be included in the Appendix.
- 6.2.10 Budget Discussion: The budget narrative must describe how the costs were determined and how they relate to the project goals. In addition, please describe and quantify the availability of funding for this project from sources other than SEP contributors and confirm whether matching/in-kind contribution (if any) is associated with any federal funding (including grants). Include sources of funding both secured and applied for, directly related to this SEP. Lastly, please indicate if your project is scalable either up or down.
- 6.2.11 Project Schedule/Work Plan: Please specify major project activities/milestones as well as the associated completion dates and responsible staff. Status reports are required every 6 months for projects one year in duration or longer. For projects under one year in duration, a status report is required half way through the project. Include each required report as a separate activity. Please add rows as needed. All projects must be completed with the final report submitted by November 1, 2018. Projects may have an earlier completion date.

- 6.2.12 Experience and Qualifications: This criterion, described in Section 5.4 of this document, represents 10 points out of 100 total points for your application. Describe how your project will meet this criterion. Résumés are not required but may be attached in the Appendix.
- 6.2.13 Reporting: Review the description of reporting requirements. The applicant must mark an "X" in the appropriate box to indicate agreement with these requirements.
- 6.2.14 Other Relevant Information: This section is optional. Include any additional information you feel is necessary to fully evaluate your application. If applicable, please detail the extent to which the project goes beyond any city, state or federal requirements. You may also use this section to describe your organization's mission and vision.
- 6.2.15 Application Appendix:
Non-profit organizations **must** include a copy of their IRS letter recognizing the tax-exempt status of the organization.

The following information is recommended:

- Letters of commitment from local governments, school districts, community leaders, etc.
- Copies of signed Memorandums of Understanding (MOUs) or Inter-Agency Agreements with regional partners (if applicable).
- Technical information such as: equipment specifications, engineering diagrams, maps, metric calculations, etc.

Appendix A:
Supplemental Environmental Project
APPLICATION COVER SHEET

Project Title: _____

Organization: _____

Address: _____

City, State, Zip: _____

E-Mail Address: _____ **Website Address:** _____

Phone Number: _____

Fax Number: _____

Federal Tax Identification Number: _____

Legal Tax Status (check one): **Nonprofit*** **Governmental Entity/School**

*If nonprofit, you must attach a copy of your IRS tax exempt letter to this SEP Application

By signing and submitting this application, the applicant agrees to operate the program as described in the SEP Application and in accordance with the Department's SEP Policy. The applicant agrees that the information provided in this application is, to the best of the applicant's knowledge and based on reasonable inquiry, true, accurate, and complete. The applicant understands that knowingly submitting any false information on this application could result in the project not being considered for funding or voiding any current or future contracts with the Department of Public Health and Environment.

Print name of Authorized Official: _____

Signature of Authorized Official:

*Please insert electronic signature into the box on the right

Date: _____ **Title:** _____

Project Manager or Main Project Contact:

Name: _____ **Title:** _____

Address: _____ **E-Mail:** _____

Phone: _____

Total Amount of SEP Funds Requested: _____

Total Matching/In-Kind Contributions: _____

Total Project Cost: _____

Supplemental Environmental Project
APPLICATION FORM

Project Title	
Geographical Area to Benefit Most Directly From Project	
Eligible SEP Category	<input type="checkbox"/> Pollution Prevention <input type="checkbox"/> Environmental Restoration and Protection <input type="checkbox"/> Environmental Education and Training
Project Summary	

**Project
Description**

**Expected
Environmental
or Public
Health
Protection
and
Improvement**

**Project
Evaluation
and
Measurable
Results**

Feasibility of Successful Implementation					
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Project Budget	Budget Category	Description	SEP Cost	Matching or In-kind Funds	Total Cost
	Personnel (Salaries, Wages)				
	Materials and Supplies				
	Major Equipment				
	Contractors/ Subcontractors				
	Other Direct Costs				
	Indirect Costs <i>(limited to no more than 10%)</i>				
	Total:		\$	\$	\$

<p>Budget Discussion</p>			
<p>Project Schedule/ Work Plan</p>	<p>Activities</p>	<p>Staff Responsible</p>	<p>Date</p>
<p>Experience and Qualifications</p>			

<p style="text-align: center;">Reporting</p>		<p>The applicant has reviewed the reporting requirements below and if selected for SEP funding, agrees to adhere to these requirements.</p>	
		<p><u>Applicant’s Biannual Status Reports</u></p> <p>The applicant will submit a biannual project status report to the Department’s SEP Coordinator with a copy to Noble Energy. Status reports will be submitted using the Department’s template and include the following information:</p> <ul style="list-style-type: none"> • A description of activities completed to date; • A budget summary table listing funds expended to date by budget category; and • A discussion of any anticipated changes to the project scope or timeline. <p><u>Applicant’s Final SEP Completion Report</u></p> <p>The applicant will submit the SEP Completion Report to the Department’s SEP Coordinator with a copy to Noble Energy within 30 days of project completion. The applicant’s Final SEP Completion Report will be submitted using the Department’s template, and will contain at a minimum:</p> <ul style="list-style-type: none"> • A detailed description of the project as implemented; • A summary table identifying project deliverables and tasks along with the associated completion date; • A description of any operating problems encountered and the solutions thereto; • A full expense accounting including itemized costs, documented by copies of purchase orders, contracts, receipts or canceled checks; • Demonstration that the SEP has been fully implemented in accordance with the SEP application; • A description of the environmental or public health protection and improvement resulting from implementation of the SEP along with quantification of the outcomes and benefits; • Examples of brochures, educational or outreach materials developed or produced as part of the SEP; and • Photographs documenting both project implementation and results. <p>Depending on the project scope, the Department may also require the applicant to develop and submit a case study with the final report.</p> <p>Noble Energy requires a copy of the Applicant’s Biannual Status Reports and Applicant’s Final SEP Completion Report. These reports will be used by Noble Energy to comply with the Consent Decree requirement that Noble Energy submit a SSEP Completion Report to CDPHE within 60 days of the completion of each of the SSEPs.</p>	
<p style="text-align: center;">Other Relevant Information</p>			