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2011 Innovations Awards Application

DEADLINE: MARCH 28, 2011

ID # (assigned by CSG): 2011- _____

Please provide the following information, adding space as necessary:

State: New Jersey _____

Assign Program Category (applicant): Environmental _____ (Use list at end of application)

- 1) **Program Name:** Perchloroethylene Dry Cleaner Equipment Reimbursement Grant Program
- 2) **Administering Agency :** New Jersey Department of Environmental Protection
Air Compliance & Enforcement Program
- 3) **Contact Person:** Edward Choromanski
Acting Director
Air & Hazardous Materials Compliance & Enforcement
- 4) **Address:** New Jersey Department of Environmental Protection
Division of Air & Hazardous Materials Compliance &
Enforcement
Mail Code: 401-04B
PO Box 420
401 E. State Street, 4th Floor
Trenton, New Jersey 08625-0420
- 5) **Telephone Number:** (609) – 633-7288
- 6) **FAX Number:** (609)-292-9938
- 7) **E-mail address:** Ed.Choromanski@dep.state.nj.us
- 8) **Web Site Address:** <http://www.nj.gov/dep/enforcement/drycleanergrant.html>
- 9) **Two Sentence Description of Program:** Provide funding to small business dry cleaner owners for the replacement of dry cleaning equipment using

perchloroethylene as a solvent (perc is an air toxic) with less toxic solvents or professional wet cleaning systems (using water and detergent). By replacing such equipment, we will reduce the amount of perchloroethylene that is discharged to the environment impacting air, water and land.

10) How long has this program been functional: January, 2010

11) Why was the program created? What problem(s) or issues(s) was it designed to address?

National Air Toxic Assessment (NATA) data from EPA indicates that New Jersey is above the health bench mark for levels of perchloroethylene across most of the entire state, especially in densely populated urban areas. The predominant source of perchloroethylene was determined to be from the dry cleaning industry in New Jersey. Not only is perchloroethylene an air toxic, that is suspected to be a carcinogen, but when placed into the environment (onto land), it sinks below levels of water, thus making it one of the hardest chemicals to remove from the environment. Providing grants for the replacement equipment using an alternative solvent or a professional wet cleaning (water based) system will reduce perchloroethylene exposure.

12) Describe the specific activities and operation of the program in chronological order:

Phase I - January 1, 2010 – open grant funding for those dry cleaning locations that use perchloroethylene as a solvent and are co-located with residential areas or located within 50 feet of a licensed day care facility.

Includes the following activities:

- Review of grant application
- Review compliance record of facility
- Issuance of initial grant approval documents
- Verification inspection of dry cleaning equipment upon installation
- Approval of final grant application
-

Phase II - July 1, 2010 – receive grant applications for those dry cleaning locations that use perchloroethylene as a solvent that are co-located in commercial areas (strip malls) or stand alone facilities.

Includes the following activities:

- Review of grant application
- Review compliance record of facility
- Issuance of initial grant approval documents
- Verification inspection of dry cleaning equipment upon installation
- Approval of final grant application

13) Why is the program new and creative approach or method?

This is the first grant program in the United States that uses non-state appropriation funding to reimburse small business owners with financial assistance in the replacement of existing operational equipment that will reduce the impact of their operations on the environment.

14) What are the programs start-up costs?

Existing staff (in DEP air program and DEP financial staff as well as attorneys with NJ Department of Law and Public Safety) were used to develop the grant application language and forms, administer the grant program by conducting reviews of submitted grant applications to insure that the equipment and the facility met grant requirements for each phase, inspect the facility after equipment has been installed (to insure the equipment is what the grant application described), and finalize grant application and issue reimbursement funds to the dry cleaning facility owner. There were no other costs to the program.

15) What are the programs annual operating cost?

Operational costs are the salaries (part time) of one (1) Supervising Environmental Specialist that reviews all grant applications and one (1) Environmental Specialist, who conducts the inspections of the dry cleaning facilities once the equipment has been installed. Total cost to the Department, including all start-up costs, did not exceed \$50,000.00.

16) How is the program funded?

Grant funds are provided from settlements with two Mid Western power companies. NJ, other states and EPA sued these two companies because emissions from their coal-fired power plants were impacting downwind states, including NJ. A total of 4.5 million dollars have been awarded to New Jersey to be used towards Supplemental Environmental Projects from the two companies. New Jersey decided to utilize these funds towards the replacement of older dry cleaning equipment that will reduce air toxic emissions as well as prevent emissions from impacting the air and groundwater.

17) Did the program require the passage of legislation, executive orders or regulations?

No. However, New Jersey is developing a regulation to reduce emissions from perchloroethylene dry cleaning equipment, New Jersey was advised during public hearing and additional industry stakeholder meetings with the dry cleaning industry that replacement of equipment from the rule proposal would be an economic hardship to the regulated small business community that are mainly

family operated. The grant was intended to offset some costs associated with compliance with a proposed dry cleaning industry regulation.

18) What equipment, technology and software are used to operate and administer the program?

Information related to dry cleaning grants are included on an excel spreadsheet that logs in the application, assigns a grant number and tracks the progress of the grant application till approval is given. Laptops are used by inspectors to review grant applications in the field and to verify the make, model number and serial number of all new equipment installed at each location and to insure the appropriate environmental permits have been applied for and submitted and approved prior to the grant funds be issued to the owner.

19) To the best of your knowledge, did this program originate with your state?

Yes, the program did originate with the Department's Air Compliance & Enforcement Program. Contact information above.

20) Are you aware similar programs in other states?

There is a similar type program in the State of California. However, that program uses tax on the purchase of perchloroethylene (the solvent) to fund such an equipment replacement program. It does not provide private sector funds as New Jersey has.

21) Has the program been fully implemented?

Yes. The program has been implemented and grants are being awarded to facilities.

22) Briefly evaluate (pros and cons) the programs effectiveness in addressing the defined problems or issues.

PROs

- Of the 93 grants approved to date, the amount of perchloroethylene emissions that is reduced by removing the older perchloroethylene dry cleaning equipment with less toxic or professional wet cleaning equipment is 78.5 tons/year. A total of \$2,517,151.00 has been awarded
- Developed specific matrix for grant reimbursement funds based on age of equipment installed makes grant package transparent to all applicants knowing what they can expect to be provided.

- Equipment using toxic solvent (perc) located in sensitive receptor areas (in residential settings and within 50 feet of daycare facility) was removed.

CONs

- Not all dry cleaning facilities will be awarded grant funds because of limitation on funds
- Additional funding needed for additional dry cleaning facilities that are in queue for approval of their grant applications.
- some facilities have requests outside of grant eligibility and expect exceptions to be made for them
- Older, less efficient equipment was not removed because minimum grant funding was not high enough to reduce the financial burden on older equipment past useful life expectancy (15 years).
- Economic downturn kept many facilities from applying for grants because they could not afford to get loans for balance of new equipment costs.

23) Has the program grown or changed since its inception?

The program has since added a minimum grant for perchloroethylene equipment that is removed from service which was installed and purchased prior to 1995. The Department believes such equipment would have passed the useful life expectancy (approximately 15 years) of this equipment. In order to assist in any change or retirement of the perc dry cleaning equipment, the Department is giving a minimum grant for the replacement of such equipment.

24) What are the limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

- Dedicated funding source to provide grants for the replacement of older, less efficient equipment
- Working with the regulated community to provide a fair and equitable replacement cost for equipment based on equipment age and use.
- Staff time to inspect new equipment that is being installed according to grant application
- Staff time to verify existing equipment age, make and model
- Staff time to administer and provide outreach/education of grant process

- Language barriers to explain grant program requirements and eligibility