



Strategic Plan

FY 2014 – 2018

Henry Darwin, Director

Goals

- Support Environmentally Responsible Economic Growth
- Enhance Arizona's Unique Environment
- Accelerate Clean-ups

Strategies

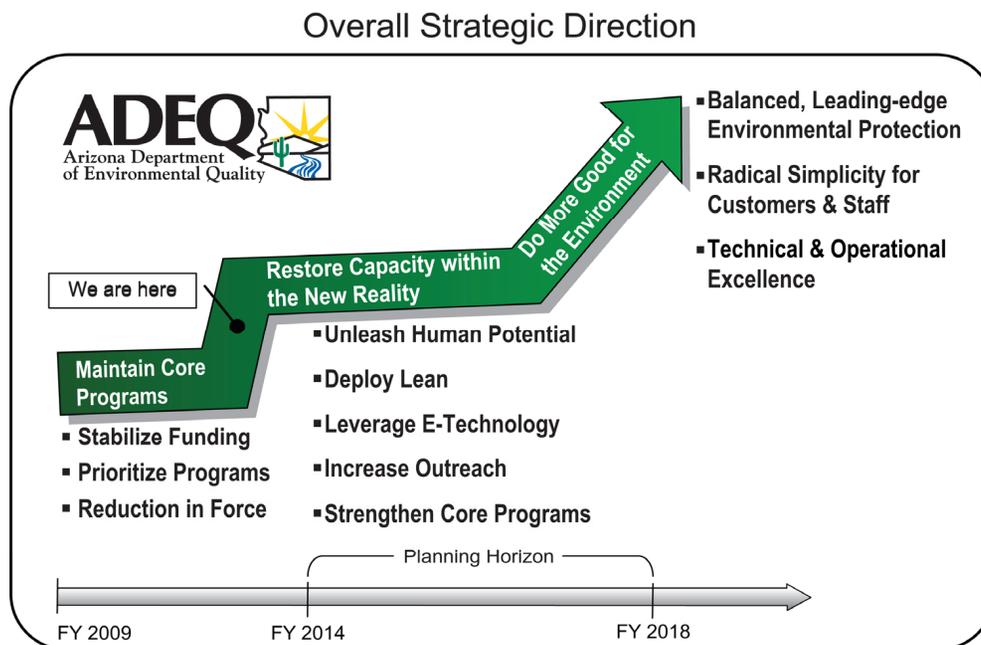
- Unleash Human Potential
- Deploy Lean
- Leverage E-Technology
- Increase Outreach
- Strengthen Core Programs



Foreword

It was only a few short years ago that ADEQ faced perhaps its greatest hurdles in its 25 year history. The economic downturn was just beginning, and we, like others in state government, had to make some tough choices in order to maintain our core programs. Reflection on the recent past sets the context for what we are doing today as we rededicate ourselves to the purpose of increasing capacity to fulfill ADEQ’s mission – even in the context of fewer resources and the increased demand for our services as the economy expands.

As our state’s economy recovers, it is vital that ADEQ stand prepared to support environmentally responsible growth by reducing permit processing time. This will be about cutting waste but not corners. We must further support economic growth by assisting facilities to stay in compliance and avoid the cost and time associated with illegal releases to the environment. We must accelerate clean-ups to reduce the cost and time it takes to restore our impaired land and water so that it is increasingly available to support future development. And we must not forget to enhance the attractiveness of Arizona for all by measurably improving the quality of our air and water. In order to achieve these goals, ADEQ has developed five specific strategies: unleashing our human potential; deploying Lean throughout our organization to eliminate delays and reduce waste; leveraging e-technology for customer and agency efficiency; increase outreach to broaden the reach of our mission; and strengthening our core programs for the future. These goals, strategies and resulting outcome-based performance measures are the subject of this Strategic Plan.



In short, we will embrace our new reality by transforming our operations to become more effective at achieving our mission than we ever were before. As we look beyond this planning horizon and consider our long-term strategic direction, I see ADEQ becoming a national leader in balanced, leading-edge environmental protection. We will be known and respected for the radical simplicity in how we engage with our staff and customers as well as the technical and operational excellence with which we conduct our mission.

Henry R. Darwin
Director

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Agency Description

The Arizona Legislature established ADEQ as the state's environmental regulatory agency under the Environmental Quality Act of 1986. ADEQ's mission is to protect and enhance public health and the environment in Arizona. The department achieves this mission by administering the state's environmental laws and delegated federal programs to prevent pollution of the air, water and land, and to ensure clean up of such pollution when it occurs.

ADEQ Mission: To protect and enhance public health and the environment.

The Vision of the agency is to lead Arizona and the nation in protecting and enhancing the environment and improving the quality of life for the people of our state. We do this by employing eight Principles and Values:

- We advocate for Arizona's environment
- We adhere to the highest standards of technical professionalism
- We commit to the highest standards of ethical behavior
- We are committed to openness, honesty and transparency
- We foster relationships built on respect, courtesy and service
- We value creativity, innovation and performance
- We turn challenges into opportunities
- We value our employees and work as a team

The department is composed of four programs: air quality, water quality, waste, and administration. Together, the programs carry out the core functions of the agency: monitoring and assessment, pollution control, compliance management, clean-ups, policy development, education and outreach.

These core functions are delivered for the citizens of Arizona within the context of the state's unique environment and culture. This means that our service delivery model includes:

- Local accountability and responsiveness to local concerns,
- Transparency and predictability,
- An emphasis on avoiding non-compliance and swift return to compliance rather than punitive actions,
- A deep, technical understanding of our unique Arizona environment and how that impacts implementation of state and federal regulations.

Strategic Planning Process

The planning process began with an honest assessment of our recent past and our current reality. In addition to being brutally honest about our current performance, we looked at ADEQ’s ecosystem as an organization – an ecosystem that includes a variety of perspectives and demands that influence our vital mission.

By looking at both our current performance and our ecosystem we developed an in-context view of the current state of ADEQ. For example, this Strategic Plan is heavily informed by external stakeholder feedback and the results of the Appreciative Inquiry exercise we conducted with staff in 2011*. ADEQ leadership meets regularly with staff, the regulated community, citizen groups, and representatives from both the executive and legislative branches of government. This continuity of contact allows ADEQ to better understand our stakeholders’ desires and how decisions we make may impact them.



Figure 1 – ADEQ Ecosystem

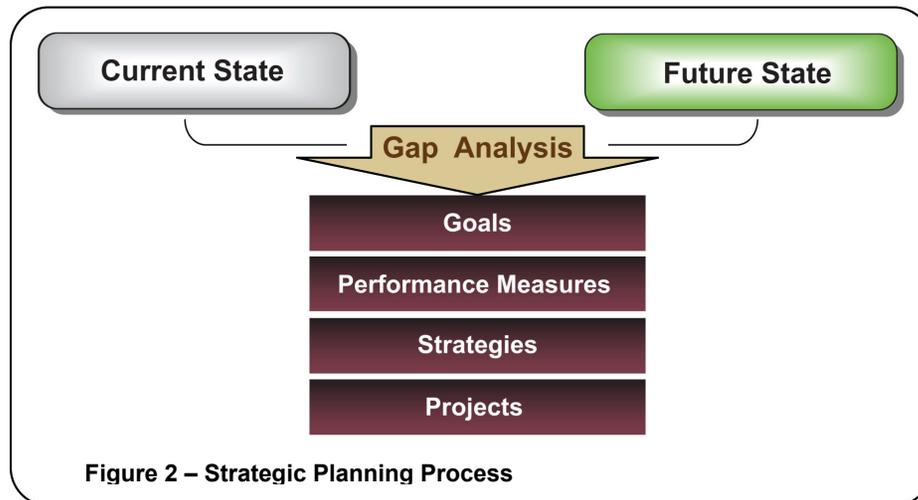


Figure 2 – Strategic Planning Process

Next we envisioned our desired future, a future that is rooted in our Mission and Vision and supported by our Values and Principles. We looked at the future in near term and long term planning horizons. These planning horizons are the final ingredients in our overall strategic direction described above. The near term planning horizon is the subject of this Strategic Plan, has a time period of 5 years, and is the basis for our goals, strategies, and performance measures. The long term planning horizon, which extends beyond 5 years, is not addressed in this document but sharpens our view of what is required in the near term to build the long term future.

* Appreciative Inquiry is a survey approach that focuses on what works in an organization. The tangible result of the inquiry is a series of statements that describe where the organization wants to be, based on the high moments of where we have been.

Similar to our process for assessing the current state, the future state was heavily informed by feedback received from various groups within our ecosystem. For example, “the dream ADEQ” as described by staff during the Appreciative Inquiry process was a significant consideration. We also made certain to align with state-wide planning efforts such as the *Governor’s Four Corners of Reform* plan and the *Arizona Department of Administration’s Strategic Plan*. Seeking organizational alignment in this way promotes efficiency by fully leveraging existing state-wide initiatives and avoiding duplication of efforts. Most importantly, we took careful note of what customers told us they value and what citizens expect as outcomes.

Once the current and future state was clearly understood, we performed a gap analysis and identified solutions to bridge the gap. Through an iterative and interactive process, goals, strategies, and projects were developed that will lead us to our desired future state. Our success in accomplishing our goals will be measured through performance measures that we intentionally designed to be based on outcomes, rather than activities or inputs.

ADEQ Goals



Figure 3 – The Planning Process in Action

The key concepts behind ADEQ’s 5-year planning horizon can be summarized in three simple goals that apply to the three environmental programs (air quality, water quality, and waste programs):

- Support environmentally responsible economic growth;
- Enhance Arizona’s unique environment; and
- Accelerate cleanups.

One additional goal is included for the administrative program: *fully support and champion the ADEQ mission.*

The number of goals and their simplicity were developed to provide clarity for every aspect of our work. Every performance measure, strategy, project and activity that agency management promotes or supports should align with these goals. Further, every staff member throughout the agency should be able to answer for themselves questions like, “How does my work support environmentally responsible economic growth?” or “How can I work more effectively to enhance Arizona’s unique environment?”

Outcome-Based Performance Measures

During the planning process ADEQ leadership reviewed previous performance measures and noticed that a large number were tactical in nature and were often far-removed from directly measuring the success of the mission. Many were based on mission inputs or activities rather than true outcomes. This is not atypical because outcomes are often difficult to measure and have a greater number of uncontrolled variables. However, the success of ADEQ, just like any organization (public, private, non-profit), relies on

producing favorable outcomes for two groups: end-users (or customers) and investors (or donors or taxpayers). Consequently, ADEQ leadership undertook a redesign of our performance measures to track success through two primary lenses: what customers (end users) value and what taxpayers (citizens) demand. The table below illustrates the redesign effort.

Table 1 – Performance Measure Development				
Mission function	End-user products or service	What does the end-user value about that product or service?	What outcomes do the citizens want?	How can we measure our success towards our goals in terms of end-user value and/or citizen outcomes?
Permitting	Approved permit	Timeliness; clarity; consistency	Protection of air (or water or land) without impeding economic growth	Reduce time to make protective permitting decisions by 50% over 5 years.
Monitoring	Monitoring reports	Information: is the air (or water) healthy?	Cleaner air (or water)	Improved air (or water) quality in at least 50% of the monitored air (or waters) of the State over 5 years

Performance measures were similarly developed for every major function in ADEQ. Where possible, performance measures were adopted across programs for consistency. In previous fiscal years ADEQ had 72 performance measures including Arizona Integrated Planning System measures, internal measures, and Consolidated Ledger of Information on Federal Funds (CLIFF) measures. For this planning horizon, ADEQ has developed 25 measures related to our goals. The performance measures associated with each goal are shown in Table 2 on the next page.

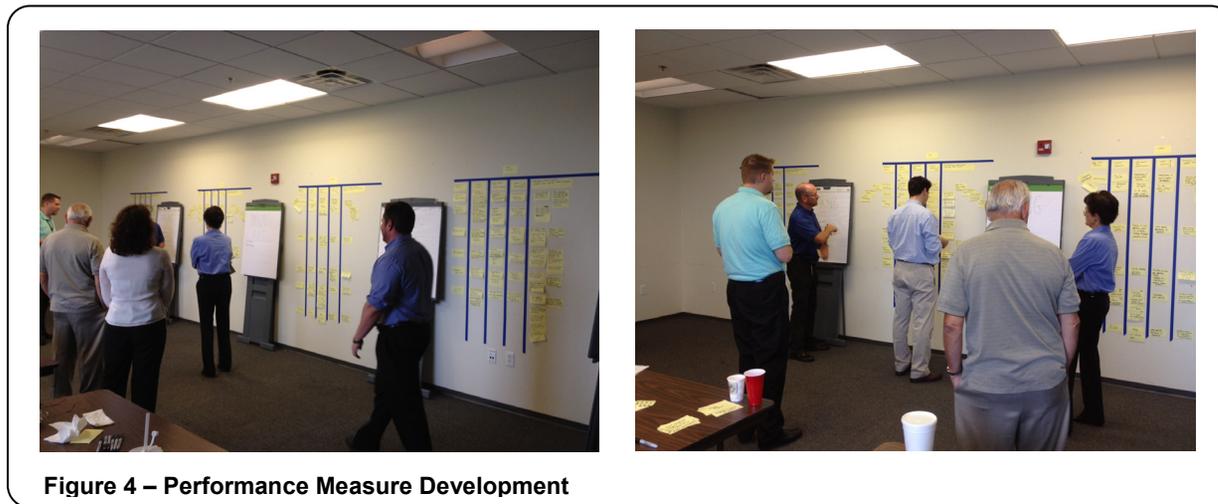


Figure 4 – Performance Measure Development

Table 2 – Goals and Outcome Based Performance Measures

Goals	Performance Measure (PM) Related to End-User Value or Citizen Outcomes	Program(s)
Support environmentally responsible economic growth	<p>PM: Reduce time to make permitting decisions by 40% over 5 years</p> <p>PM: Reduce time to make permitting decisions by 50% over 5 years</p> <p>PM: Triple participation in voluntary stewardship programs over 5 years</p> <p>PM: Present exceptional event documentation to EPA within 180 days of event</p> <p>PM: 95% of exceptional event submittals (approved by EPA) over 5 years</p> <p>PM: Reduce return to compliance timeframe by 50% over 5 years</p> <p>PM: Increase number of facilities in compliance at the time of inspection by 50% over 5 years</p> <p>PM: Reduce the amount of waste per capita sent to landfills by 10% over 5 years</p> <p>PM: Increase the number of vehicles in compliance at the time of emissions inspection by 50% over 5 years</p> <p>PM: Customer satisfaction rating from citizens</p> <p>PM: Percentage of statutorily set permit timeliness met through License Time Frames</p>	<p>Waste</p> <p>Air, Water</p> <p>Air, Water, Waste</p> <p>Air</p> <p>Air</p> <p>Air, Water, Waste</p> <p>Air, Water, Waste</p> <p>Waste</p> <p>Air</p> <p>All</p> <p>Air, Water, Waste</p>
Enhance Arizona's unique environment	<p>PM: 50% of air quality monitors with data demonstrating improving trend</p> <p>PM: Improved water quality in 50% of monitored waters of the State over 5 years</p>	<p>Air</p> <p>Water</p>
Accelerate Cleanups	<p>PM: Reduce document review time in Voluntary Remediation Program (VRP) by 30% over 5 years</p> <p>PM: Increase percentage of contaminated sites requiring no further action vs. known universe of sites in Waste Programs (VRP, Underground Storage Tanks [UST] and Water Quality Assurance Revolving Fund [WQARF])</p> <p>PM: Reduce total time to implement (begin) final remedy by 30% in UST and WQARF over 5 years</p> <p>PM: Reduce total time required for a Brownfield property to be available for productive use by 25% over 5 years</p>	<p>Waste</p>
Fully support and champion ADEQ's mission	<p>PM: 99.9% availability of critical services from 7:00 AM to 5:00 PM</p> <p>PM: 95% of payable invoices paid within 30 calendar days</p> <p>PM: 90% of accounts receivable within 10 days of due date</p> <p>PM: Generate yearly report that clearly links budget to state-wide priorities, ADEQ plans, and customer and/or citizen outcomes</p> <p>PM: Reduce the total elapsed time from purchase requisition to time the goods/services are received by 40% over 5 years</p> <p>PM: Reduce the total time from initial records request to availability of records by 30% over 5 years</p> <p>PM: Reduce voluntary attrition rate to less than 10% in 5 years</p>	<p>Admin</p>
All Goals	<p>PM: Substantial (75% or better) adherence to Federal Grant Work Plans (CLIFF)</p>	<p>All</p>

Strategic Issues

In order to accomplish the Agency’s goals as measured by the performance measures above, strategies were developed to address key challenges of our current state. Table 3 presents each key challenge and the goal or goals that it affects, and the opportunities and strategies developed by ADEQ.

Table 3 – Strategic Issues			
Key Challenges	Affected Goal(s)	Opportunity	Strategy
Stakeholders are dissatisfied with the timeframes associated with permitting and worry about ADEQ’s ability to be responsive if economic conditions improve and the demand for permits and other services increases.	Support environmentally responsible economic growth	Use well-established continuous improvement techniques to work better, faster, and cheaper.	Deploy Lean
Stakeholders are dissatisfied with the timeframes associated with clean-up.	Accelerate Cleanups		
Aging computer infrastructure and software is limiting our productivity. Stakeholders are requesting better electronic tools for permitting, reporting, and transparency.	Fully support and champion ADEQ’s Mission; Support environmentally responsible economic growth	Use program-related savings and appropriation authority for technology upgrades.	Leverage E-Technology
A combination of reductions in force, layoffs, depleted training opportunities, static / reduced wages, a lack of viable career paths, and outdated management systems have resulted in a failure to fully leverage ADEQ’s human potential.	All goals	Leverage Personnel Reform and recommendations from the Appreciative Inquiry to engage staff and train managers.	Unleash Human Potential
Necessity of focusing on and maintaining core programs has resulted in the reduced outreach efforts which in turn reduce our visibility and our effectiveness in release and pollution prevention.	Support environmentally responsible economic growth; Enhance Arizona’s unique environment	Develop and deploy the Voluntary Stewardship Program; reinvigorate functions that were previously unfunded / under-funded by utilizing savings and appropriation authority.	Increase Outreach
ADEQ’s General Fund appropriation has been eliminated. ADEQ is now funded through fees and federal grants. The current fee structure is insufficient to fully fund the Agency’s core functions.	All goals	Partner with stakeholders to fully implement fee for service model.	Strengthen Core Programs

The strategies discussed in Table 3 are synergistic in that they affect multiple goals and performance measures simultaneously. The following describes each strategy and the specific projects that support it.

Unleash Human Potential

Our most important strategy is founded in this very simple fact: like every knowledge based organization, ADEQ is only as capable as its ability to develop and deploy its human potential. This strategy is at the heart of the transformation that ADEQ desires. In addition to the projects listed below, the Director’s Office has issued explicit guidance stating that although management *decisions* will always involve the chain of command, internal *communications* are never to be limited by the chain of command or organization chart; that blame is wasteful and is to be avoided; and that staff are encouraged to ask great questions and identify waste. The projects associated with this strategy include:

- Use employee input during the strategic planning process
- Conduct a skills inventory and deploy a tool for cross-training and cross-utilization
- Develop and implement a relevant technical training program for staff
- Assist ADOA in developing a better employee performance review system
- Partner with ADOA to develop better career paths for ADEQ employees
- Partner with ADOA to develop a better performance-based compensation structure for ADEQ employees
- Produce addendum to ADOA state-wide employee handbook for ADEQ’s unique work environment
- Assist ADOA in developing better supervisor training
- Conduct leadership training for section managers and above (including training on change management and motivation)

Deploy Lean

Lean is a system of principles and tools often associated with success in the private sector that focuses on increasing value by reducing waste. The two pillars of Lean are continuous improvement and respect for people. This strategy not only impacts several goals, it also enhances the strategy to unleash human potential by engaging front-line workers in every process improvement initiative. The projects associated with this strategy include:

- Lean Awareness Training for all ADEQ staff
- Fundamentals of Process Improvement training for select staff
- Staff Workouts to identify opportunities to increase value and eliminate waste throughout ADEQ
- APP Process Improvement
- Title V Process Improvement
- Leverage lessons learned on APP and Title V across all permits (permits service family evaluation)
- UST State Lead Procurement Process Improvement
- WQARF Process Improvement
- UST Corrective Action Process Improvement
- Compliance & Enforcement Process Improvement

Leverage E-Technology

Technology can serve as an accelerator to many of the core processes of the agency. ADEQ will leverage technology to increase transparency, end-user convenience, and staff productivity. It is important to note that ADEQ will use a *process first, technology second* approach. The projects associated with this strategy include:

- Hardware and software refresh
- Develop e-general permitting, e-reporting and e-notification tools
- Development of an e-portal where regulated facilities will be able to conduct business with ADEQ through the web
- Finish and deploy the revenue, invoicing and collection system (RICS) to replace the existing outdated system
- Prepare a 5-year Technology Roadmap
- Deploy tool to track employee work time and tasks (Time Tracking)
- Transition Permit Compliance System (PCS) to the Integrated Compliance Information System (ICIS)

Increase Outreach

Given that Arizona's unique environment is shared by all, ADEQ must increase its outreach in order to be increasingly effective. Our role is not only to enforce environmental regulations but also to prevent violations and releases through education, partnerships, and alliances with the public, businesses, and citizen groups. The projects associated with this strategy include:

- Voluntary Stewardship Program
- Small Communities Environmental Compliance Assistance Program
- Proliferation of School Chemical Cleanout Program
- Produce ADEQ 25th Year Anniversary Brochure
- Renew Agency Annual Reporting based on 25th Year Anniversary Brochure
- Produce ADEQ instructional videos to be posted online
- Emerging contaminants stakeholder process
- Enhance Arizona Border Trash web site
- Stakeholder process for UST Financial Assurance
- Stakeholder process to redevelop ADEQ's recycling program
- Stakeholder process to identify permanent funding for the UST Program
- Conduct additional stakeholder meetings before making decisions or undertaking initiatives with broad impact

Strengthen Core Programs

Fully implementing our fee-for-service model is crucial to administering the state's environmental laws and delegated federal programs at the State level. In addition, ADEQ must identify stable revenue sources to fund vital operations not supported by fees or federal grants. We must also re-invigorate functions that have been delayed due to funding shortfalls and continue to lead in areas of environmental management systems and continuity of operations. The projects associated with this strategy include:

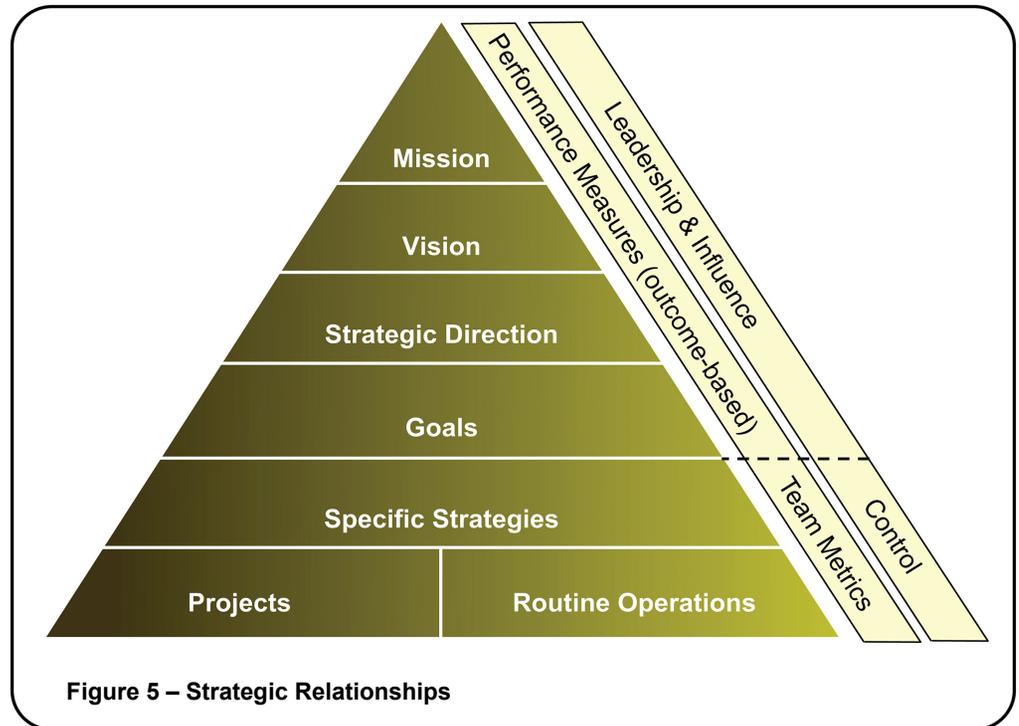
- Participate in Agency Fee Commission review of ADEQ funding
- Safe Drinking Water Act fees

- Renew recycling support and funding
- Continuity of operations plan (COOP) consistent with statewide priorities and direction
- Long-term underground storage tank funding
- Implement senate bill (SB 1280) for municipal stormwater programs
- Agency-wide environmental management system (EMS) development and deployment
- Enhance pollution prevention (P²) program
- Stakeholder process for triennial review of surface water quality standards

Each project listed above has a project plan that includes major milestones, specific success measures, a project team including an executive sponsor, a schedule and cost.

Additional Team Metrics

In order to provide line-of-sight connectivity between the agency-level mission, goals and performance measures, each team or unit will develop a list of key metrics that feed upward to the performance measures. Each outcome-based performance measure may require successful activity from several teams. The team-level metrics are metrics that the team largely controls (e.g. how long it takes to conduct a particular type of review). The performance measures, on the other hand, require controllable performance as well as leadership and influence (e.g. an executive-level meeting between a facility executive and ADEQ leadership to resolve a dispute over permit conditions). These relationships are illustrated in Figure 5. Accountability for the team-level metrics resides with the team or unit and accountability for the performance measures starts at the Section Manager level and ends with the Director. This design intentionally requires that the agency's leadership function as obstacle removers, innovators, and process improvers.



Next Step

Like other continuously improving organizations, ADEQ plans to apply a very simple model that has been used successfully for decades: Plan – Do – Check – Act, also referred to as the Deming cycle in honor of W. Edwards Deming. The model shown in Figure 6 illustrates that ADEQ’s success will not be a function of executing a single grandiose and perfect plan. Nor will our success be a function of haphazardly changing processes until something works. Rather, our success will be a function of thoughtful planning,

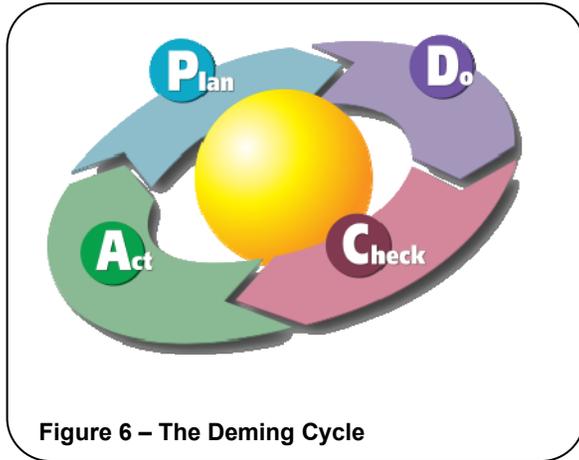


Figure 6 – The Deming Cycle

disciplined execution of the current plan, collecting data to see if the current plan is working, and taking action if it is not. Taking action requires starting the cycle all over again.

Under this model, we expect problems to occur and those problems will be the gateway to further improvement. When coupled with a blame-free environment, honest discovery and disclosure of problems will provide a fly-wheel of improvements throughout ADEQ just like it would in any organization.

This strategic plan has been developed over the course of several months and summarizes many hours of planning and discussions including specific feedback from staff. Going forward we will execute this plan and measure our performance with discipline. During the execution and measurement of *this* plan we expect to discover problems...problems that we will act on by carefully developing the *next* plan.

Resource Assumptions

The resource assumptions required to support this Strategic Plan are shown in Table 4 on the following page. Resource assumptions include the number of full-time equivalent positions and budgetary data, including all funding sources and the relevant fiscal years.

Table 4 – Agency Level Resource Assumptions

	FY 2013 Appropriation	FY 2014 Budget Request	FY2015 Budget Request or Estimate	FY2016 Estimate	FY2017 Estimate	FY2018 Estimate
Full-time-equivalent (FTE) Positions	617.5	620.5	620.5	620.5	620.5	620.5
General Fund*	7,000.0	15,000.0	15,000.0	15,000.0	15,000.0	15,000.0
Other Appropriated Fund	68,481.2	79,342.3	79,342.3	79,342.3	79,342.3	79,342.3
Non-Appropriated Funds	42,543.6	42,543.6	42,543.6	42,543.6	42,543.6	42,543.6
Federal Funds	16,539.5	16,539.5	16,539.5	16,539.5	16,539.5	16,539.5
Total Agency Funds	134,564.3	153,425.4	153,425.4	153,425.4	153,425.4	153,425.4

*A.R.S. § 49-282 requires an annual \$15,000,000 transfer from the Corporate Income Tax to the Water Quality Assurance Revolving Fund. Because this fund is specific to WQARF and is not available for the general operations of ADEQ, the above narrative does not consider it to be General Fund.



Janice K. Brewer, Governor
Henry R. Darwin, Director