

ADEQ STRATEGIC PLAN

FY16 Update to
FY 2014 – FY 2018 Plan

- ### 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

As we approach the mid-point of our FY 2014-2018 planning horizon, ADEQ is extremely proud of its progress to date, as evidenced by a long and growing list of accomplishments that furthers our mission to protect and enhance public health and the environment. For example, since 2012, ADEQ has:

- Closed two State superfund sites (0 closures in the previous 15+ years)
- Reduced by more than 50% the average time required to return facilities to compliance
- More than doubled the number of state-lead underground storage tank cleanups (as compared to 2011)

These kinds of outcomes directly benefit the quality of life in our state and deliver real value for the citizens of Arizona. ADEQ is achieving mission

outcomes better and faster than ever before because we recognize that to do more environmental good, as our mission requires, we must continue advancing the **methods** by which we continuously strive for perfection in all that we do.

To this end, ADEQ has undertaken over the past two years several steps to streamline our processes and become more technically and operationally efficient – all for the purpose of further advancing our mission:

- We’ve deployed Lean management principles and tools to eliminate waste and become better, faster and more cost effective.
- We’ve adopted “The ADEQ Way” as our true north to guide decision-making through good times and bad, but always with a focus on our mission.
- We’ve erected “ADEQ Boards” in every unit to better visually manage and track progress as well as opportunities.
- We’re developing standard work where none has existed and embedding continuous improvement – Plan-Do-Check-Act – into our work flow to ensure we design and redesign for quality and simplicity always with customer value in mind.
- We’re deploying the Lean Management System in FY 2015 that will reinforce our desired cultural change with a holistic approach that addresses all the fundamental aspects of our operations, from leadership to people systems to products and services.

Our path to excellence has not gone unnoticed. Our employees today are more actively engaged in value-added work, as evidenced by a 100% improvement in our employee engagement score (as compared to 2012.) Perhaps most rewarding of all, the Legislature approved in May 2014 an eight-year agency continuation – an unprecedented occurrence in ADEQ’s 27-year history and as true an acknowledgement as we could hope for that our elected leaders witness and support the agency’s efforts to improve and modernize our operations.

Invigorated by our recent successes, we are by no means content to rest on our laurels because there are many more mission outcomes to achieve in our quest to become a national leader in balanced, leading edge environmental protection.

Henry R. Darwin
Director

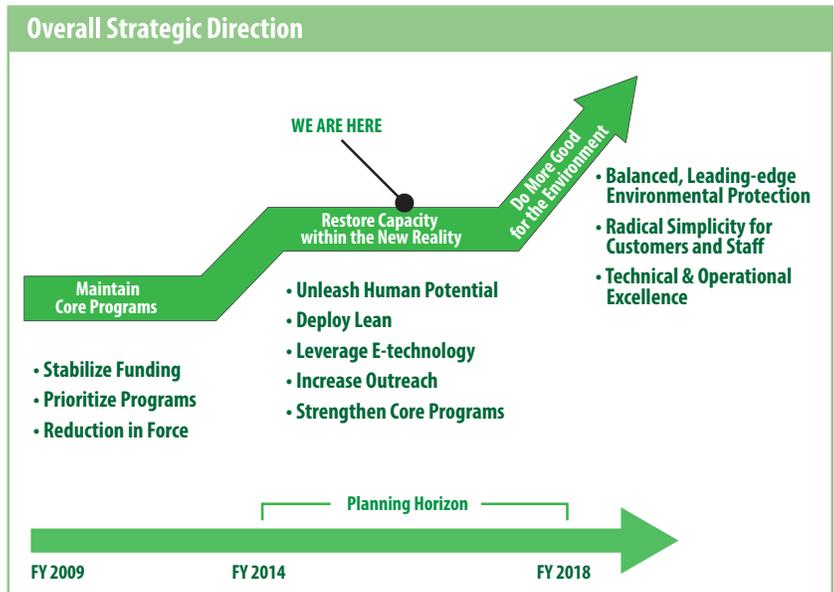


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Who We Are

The Arizona Legislature established the Arizona Department of Environmental Quality (ADEQ) as the state's environmental regulatory agency under the Environmental Quality Act of 1986 to serve as a separate, cabinet-level agency to administer all of Arizona's environmental protection programs. ADEQ's mission is to protect and enhance public health and the environment of Arizona. We achieve our mission by administering the state's environmental laws and delegated federal programs to prevent pollution of the air, water, and land, and to ensure cleanup of such pollution when it occurs.

ADEQ's MISSION:

To protect and enhance public health and the environment of Arizona.

ADEQ is composed of three environmental programs: Air Quality, Water Quality and Waste, with functional units responsible for technical, operational and policy support. Together, the agency carries out several core functions: planning, permitting, compliance management, monitoring and assessment, cleanups and outreach.

ADEQ's vision is to lead Arizona and the nation in protecting the environment and improving the quality of life for the people of our state. ADEQ will convert this vision into a legacy through a holistic approach to environmental protection. It is an approach that takes into account the entire ecosystem in which we operate: the community, the economy and the environment.

We acknowledge that our mission exists in a complex world. Failure to account for this complexity leads to divisiveness, delays and distractions that hamper our ability to accomplish our mission. By embracing this complexity and working closely with stakeholders, we can develop win-win solutions for Arizona's unique environment and the people who live in it. Because our approach is inclusive, ADEQ achieves better outcomes for Arizona's environment, its citizens and its economy. Figure 1 depicts this relationship: as we draw the environment, community and economy closer and closer together, the outcomes for all three increase.

ADEQ's VISION:

To lead Arizona and the nation in protecting the environment and improving the quality of life for the people of our state.

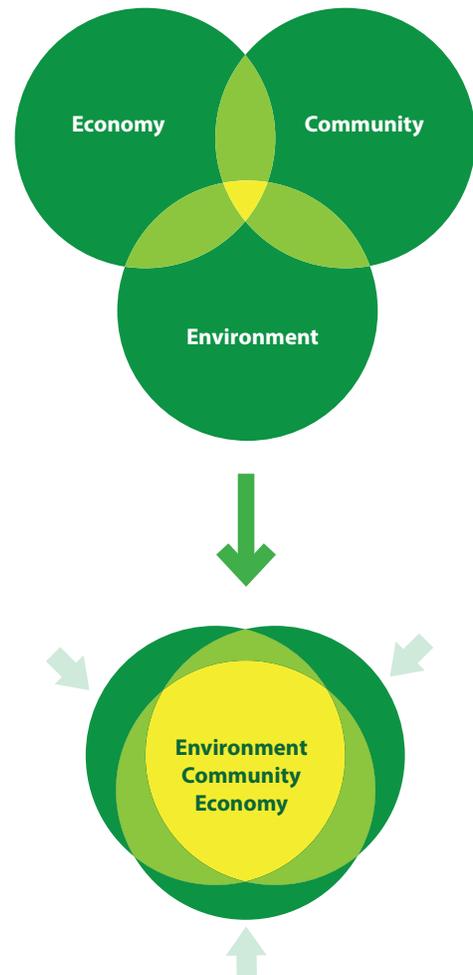


Fig. 1 – We achieve our vision with balanced, leading edge environmental protection.

How We Do It: Continuous Improvement and The ADEQ Way

Culture is a set of shared beliefs and values, which are made evident to everyone through the habits, or practices, of an organization's employees. Culture is critical to any organization's success because amazing people are more easily attracted and retained with a great culture. A great culture unleashes people to do extraordinary work.

At ADEQ we accept that culture happens, whether we plan it or not. This is why we are actively working to create a culture that we can be proud of, one that will enable ADEQ to be the agency we always dreamed it could be. It is a culture that propels us toward ever-increasing excellence in delivering our ever-expanding mission.

In short, the culture we're building is one of continuous improvement. Continuously improving organizations apply a time-tested and proven model, Plan-Do-Check-Act, to everything they do. Also known as the Deming Cycle, the model illustrates that success is neither a function of executing a single, perfect plan, nor of haphazardly changing processes until something works. Rather success is a function of thoughtful planning, 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 over again.

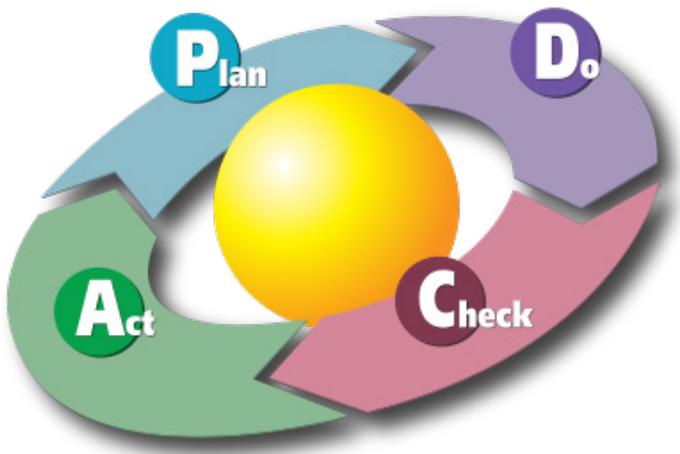


Fig. 2 – The Deming Cycle

To bring about this continuous improvement culture, ADEQ has adopted a set of organizational habits, which we call The ADEQ Way. All of us who work for the agency accept the challenge to increasingly practice The ADEQ Way in our day-to-day work.

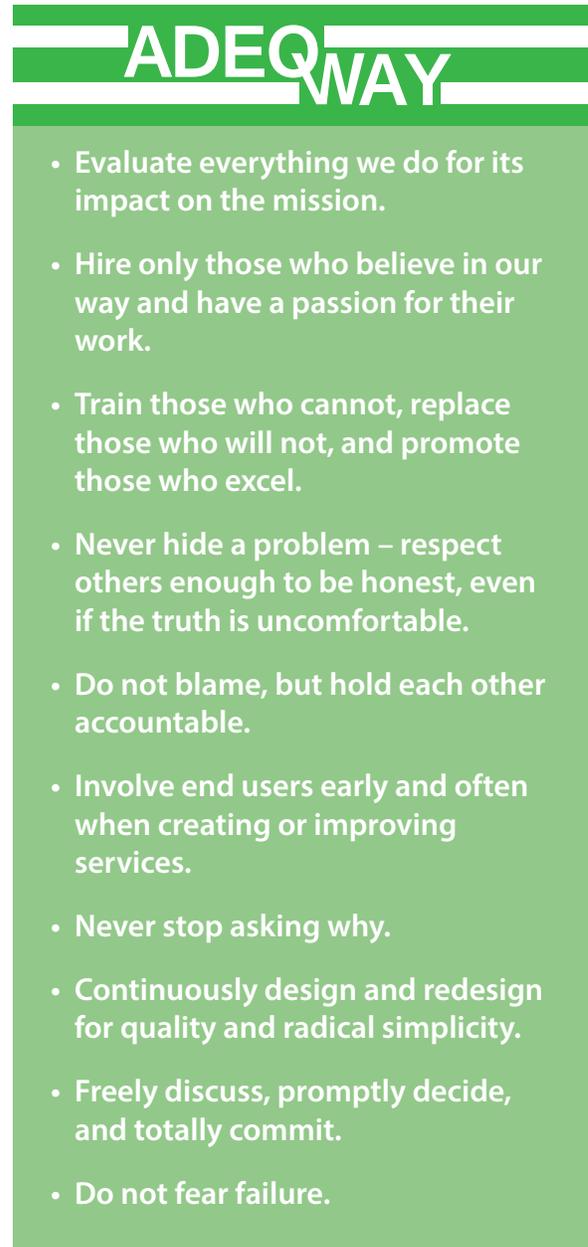


Fig. 3 – The ADEQ Way

On the following pages, we present a few examples that typify the results of our holistic and continuously improving approach to our vital mission.



ADEQ Win-Win Successes

ADEQ's holistic approach to balanced, leading edge environmental protection is typical of transformative organizations, which seize opportunities to embrace what author Jim Collins calls the "genius of the AND." It's not the environment, or the community, or the economy; it's all of the above.

Since adopting its Strategic Plan two and a half years ago, the agency has undertaken more than 150 projects, great and small, to improve processes, carry out strategies, and ultimately, achieve the goals leading to the future state vision.

The following are a few notable examples.

Cleaner Air and Faster, Cheaper Service

In 2014, ADEQ lowered by 25% vehicle emissions inspection fees for millions of Maricopa County motorists - from \$27.75 to \$20. The agency also now replaces faulty gas caps for free when vehicles in Maricopa and Pima counties fail the gas cap test during the emissions inspection. This simple change has resulted in more environmental good because fugitive emissions from leaky gas caps will be remedied immediately instead of continuing to impact the environment until the driver buys a new one, sometimes days or weeks after the initial inspection. An estimated 75,000 customers a year will benefit from added convenience, while millions more enjoy the benefits of cleaner skies and healthier air quality.



Vehicle Emissions Inspection

Reduced testing fee for Maricopa County motorists



\$27.75
BEFORE

\$20.00
NOW

Enabling Faster Return to Compliance

Ideally, Arizona facilities are never out of compliance with laws and rules that protect public health and the environment. But when they don't comply, ADEQ is making it easier for them to get back into compliance as fast as possible so that no further harm results to the environment. ADEQ has made sweeping changes in its inspections processes to alert facilities early and often of potential problems. It is common today for ADEQ inspectors to hand facility operators a field-issued inspection report so they immediately know what they need to do to fix the problem and return to compliance. Standardized inspection checklists help focus both inspector and facility operator on areas of greatest potential risk. Increased compliance assistance outreach is available for facilities that need extra help understanding requirements.



Air quality inspectors issued a field inspection report at a rock products facility on a scalping screen emitting particulate matter. They were in compliance the next day.

Reducing Reporting Violations with MyDEQ



The myDEQ Web portal project will enable ADEQ customers to conduct all manner of business transactions online, from submitting required data and reports, to paying fees, and applying for and receiving permits. Over 20,000 facilities in Arizona currently conduct business with ADEQ, resulting in some 28,000 paper transactions and submission of more than a million data points per year. There is a lot of wasted effort embedded in the current process, inviting error and delay. Though certainly worthy goals, the point of myDEQ is not simply to make things simpler and easier for customers and staff. Better, more convenient tools means better environmental compliance, and in turn, a cleaner, safer environment. Other states have seen up to 90% improvement in reporting compliance when they deployed similar online systems.

Doing More Environmental Work By Eliminating Duplicative Inspections

ADEQ and the Maricopa County Environmental Services Department each separately regulates 66 wastewater reclamation facilities within the county, which results in each department conducting separate but similar inspections of the same facilities. ADEQ has teamed with the County to combine the two separate inspections into one. Maricopa County now conducts the wastewater facility inspections on ADEQ's behalf. As a result, the 66 affected customers will be inspected only once, saving both the customer and ADEQ significant resources. ADEQ is saving some 700 hours per year, which will be reallocated to other critical compliance assistance efforts to improve water quality in Arizona.

Expanding Water Quality Monitoring Capacity Through Partnerships



Volunteers are trained by ADEQ in gathering water samples from the Santa Cruz River.

ADEQ monitors Arizona's waters to ensure the quality of lakes, streams and rivers meets prescribed standards. This is a daunting task given our state's size and the variable nature of rainfall that requires sampling personnel to be in the right place at the right time. To advance the goal of enhancing Arizona's unique environment, ADEQ is working to improve water quality in 50 percent of the monitored waters of the state by 2017. The agency has teamed with a diverse array of partners, such as Friends of the Santa Cruz River, Central Arizona Project, University of Arizona, Resolution Copper, ASARCO, the cities of Tempe and Tucson and the Arizona Game and Fish Department to increase the size and effectiveness of the monitoring program. The organizations train volunteers to collect water samples and share data, which results in a better picture of water quality throughout the state.



Goals, Strategies, Projects and Performance Measures

Compelling examples like those on the preceding pages are but a glimpse of how ADEQ delivers more environmental good. Together with its over-arching, strategic goals, such examples give bold expression to what balanced, leading edge environmental protection means to the agency.

Adopted in the FY 2014-18 Strategic Plan, ADEQ's strategic goals are meant to close the gap between the reality of ADEQ's current challenges and its future state vision (see Figure 4.) The number of goals and their simplicity bring clarity to every aspect of the agency's work, and every ADEQ employee should be able to see how their day-to-day work aligns with the agency's strategic goals and mission.

ADEQ's STRATEGIC GOALS

- Support environmentally responsible economic growth
- Enhance Arizona's unique environment
- Accelerate cleanups
- Fully support and champion ADEQ mission (*applies to support functions only*)

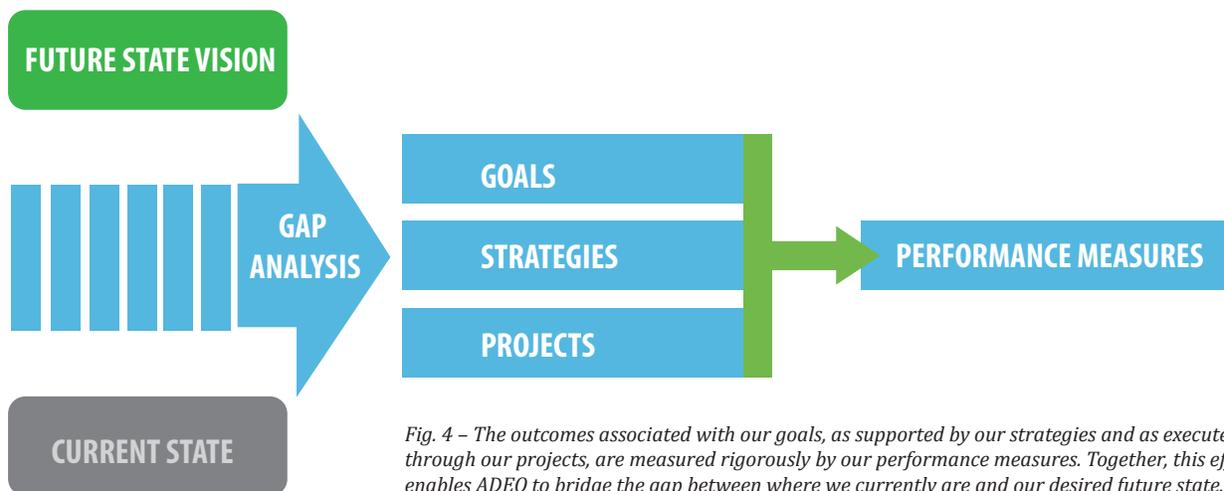


Fig. 4 – The outcomes associated with our goals, as supported by our strategies and as executed through our projects, are measured rigorously by our performance measures. Together, this effort enables ADEQ to bridge the gap between where we currently are and our desired future state.

In addition to the goals, ADEQ identified five strategies to help overcome challenges that could keep us from achieving our goals. The strategies are then fleshed out into specific projects. The outcomes associated with our goals, as supported by our strategies, and as executed through our projects, are measured rigorously by our performance measures as shown in Table 1 on the following pages.

ADEQ developed Performance Measures to track success through two primary lenses: what our citizens demand – i.e., the mission, and what our customers value.

In the tables that follow we report on our Performance Measures, as well as existing and new priority projects.

ADEQ's STRATEGIES

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

Progress on Achieving Performance Measures

Table 1, below, presents the current status of ADEQ's performance measures as organized by program and sub-program. While the department has 23 core performance measures, there appear to be more in the table because they are repetitive across programs and subprograms.

(The program/subprogram structure is a legacy construct that does not quite match our operations; recent attempts to correct this misalignment have not been successful.) In addition, seven performance measures apply to the agency's support functions (internal only.)

TABLE 1 – PROGRESS ON PERFORMANCE MEASURES

GOALS	PERFORMANCE MEASURE:	AIR QUALITY DIVISION: Air Quality Management and Analysis				WATER QUALITY DIVISION: Drinking Water Regulation				WATER QUALITY DIVISION: Surface Water Regulation				WATER QUALITY DIVISION: Underground Water Regulation				AIR QUALITY DIVISION: Vehicle Emissions Control				WASTE PROGRAMS DIVISION: Waste Control and Management			
		FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate
Support environmentally responsible economic growth	Reduce return to compliance timeframe by 50% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	58.3%	60.0%	70.0%	20.0%	75.9%	80.0%	85.0%	20.0%	66.3%	80.0%	85.0%	20.0%	78.1%	80.0%	85.0%	20.0%	30.6%	40.0%	45.0%	20.0%	25.3%	35.0%	45.0%
Support environmentally responsible economic growth	Increase the number of facilities in compliance at the time of inspection by 50% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.*	20.0%	28.2%	30.0%	40.0%	20.0%	-88.2%	20.0%	30.0%	20.0%	-16.0%	20.0%	40.0%	20.0%	-25.1%	20.0%	40.0%	20.0%	8.6%	30.0%	40.0%	20.0%	3.3%	12.0%	22.0%
Support environmentally responsible economic growth	Reduce time to make permitting decision by 50% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	62.7%	67.0%	70.0%	20.0%	12.6%	30.0%	50.0%	20.0%	-19.7%	25.0%	50.0%	20.0%	59.9%	70.0%	75.0%								
GOALS	PERFORMANCE MEASURE:	WASTE PROGRAMS DIVISION: Waste Control and Management				WASTE PROGRAMS DIVISION: Remediation				WASTE PROGRAMS DIVISION: Underground Storage Tank															
Accelerate Cleanups	Percent of contaminated sites in Waste Programs Division closed requiring no further action (cumulative) versus known universe of contaminated sites in the Waste Programs Division (cumulative).**	88.2%	71.5%	74.1%	77.1%	88.2%	2.9%	5.9%	8.9%	88.2%	91.9%	94.7%	97.5%												
GOALS	PERFORMANCE MEASURE:	WASTE PROGRAMS DIVISION: Remediation				WATER QUALITY DIVISION: Surface Water Regulation				WATER QUALITY DIVISION: Underground Water Regulation															
Support environmentally responsible economic growth	Improved water quality in 50% of the monitored waters of the state over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	N/A	BASELINE	30.0%	20.0%	18.5%	25.0%	30.0%	20.0%	N/A	N/A	N/A												
GOALS	PERFORMANCE MEASURE:	WASTE PROGRAMS DIVISION: Waste Control and Management				WASTE PROGRAMS DIVISION: Underground Storage Tank																			
Support environmentally responsible economic growth	Reduce time to make permitting decision by 40% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	52.1%	60.0%	65.0%	20.0%	43.1%	51.1%	59.9%																
GOALS	AIR QUALITY DIVISION PERFORMANCE MEASURE: Air Quality Management and Analysis																								
Enhance Arizona's unique environment	Number of non-attainment areas exceeding national ambient air quality standards.***	N/A	16	17	17																				
Enhance Arizona's unique environment	A net of 50% of air quality monitors demonstrating improvement over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	3.5%	30.0%	40.0%																				
Enhance Arizona's unique environment	Number of days per year exceeding National Ambient Air Quality Standards (NAAQS) for Ozone (O3), Carbon Monoxide (CO), or Particulates (PM10).	N/A	2.7	2.7	2.7																				
Support environmentally responsible economic growth	Present Exceptional Event documentation to EPA within 180 days of event. Measured as a cumulative percentage in each fiscal year during the planning horizon.	50.0%	75.0%	80.0%	85.0%																				
Support environmentally responsible economic growth	95% of Exceptional Event submittals approved by EPA over 5 years.	95.0%	100.0%	100.0%	100.0%																				

* Standard work and higher quality inspections have initially increased the number of deficiencies identified during inspections. These data will help ADEQ target outreach and tools to prevent deficiencies.

*** We are requesting authority to change this measure to read "Reduce the number of non-attainment areas in Arizona".

** This performance measure was previously calculated as an aggregate of three sub-programs' performance. To increase transparency and relevancy, this measure now calculates each subprogram separately.

TABLE CONTINUES ON NEXT PAGE

TABLE 1 (CONT.) – PROGRESS ON STRATEGIES: PERFORMANCE MEASURES

GOALS	AIR QUALITY DIVISION PERFORMANCE MEASURE: Vehicle Emissions Control	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate
Support environmentally responsible economic growth	Increase the number of vehicles in compliance at the time of emissions inspection by 50% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	10.0%	7.0%	20.0%	30.0%
Support environmentally responsible economic growth	Reduce time to make VEI permitting decisions by 50% over 5 year. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	40.2%	45.0%	50.0%
GOALS	WASTE PROGRAMS DIVISION PERFORMANCE MEASURE: Remediation	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate
Accelerate Cleanups	Reduce total time to implement (begin) final remedy by 30% in WQARF over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon. †	10.0%	N/A	10.0%	20.0%
Accelerate Cleanups	Reduce document review time in the Voluntary Remediation Program by 30% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon. †	10.0%	N/A	10.0%	18.0%
GOALS	WASTE PROGRAMS DIVISION PERFORMANCE MEASURE: Underground Storage Tanks	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate
Accelerate Cleanups	Reduce total time to implement (begin) final remedy by 30% in UST over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	10.0%	24.8%	32.8%	40.8%
GOALS	WASTE PROGRAMS DIVISION PERFORMANCE MEASURE: Waste Control and Management	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate
Support environmentally responsible economic growth	Reduce the percentage of natural resource consumption and hazardous waste generation in Pollution Prevention (P2) program facilities by 20% over 5 years.	N/A	BASELINE	5.0%	10.0%
Support environmentally responsible economic growth	Reduce the amount of waste per capita sent to landfills by 10% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon. ††	N/A	N/A	N/A	N/A
Support environmentally responsible economic growth	Reduce total time until the (brownfield) property is determined to be available for productive use by 25% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	10.0%	45.0%	50.0%	60.0%
GOALS	ALL PROGRAMS PERFORMANCE MEASURE:	FY 14 Estimate	FY 14 Actual	FY 15 Estimate	FY 16 Estimate
Fully support and champion ADEQ's mission	Reduce Voluntary Attrition Rate to less than 10% in 5 years.	10.0%	9.5%	9.5%	9.5%
Fully support and champion ADEQ's mission	Generate yearly report that clearly links budget to state-wide priorities, ADEQ plans, and customer and/or citizen outcomes.	1	1	1	1
Fully support and champion ADEQ's mission	To pay 95% of invoices payable within 30 calendar days.	95.0%	99.7%	95.0%	95.0%
Fully support and champion ADEQ's mission	Receive 90% of Accounts Receivable within 10 days of due date.	90.0%	83.8%	90.0%	90.0%
Fully support and champion ADEQ's mission	Reduce total elapsed time from Purchase Requisition to issuance of purchase order by 40% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	16.5%	24.0%	32.0%
Fully support and champion ADEQ's mission	Reduce the total time from initial records request to availability of records by 30% over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon.	20.0%	70.0%	75.0%	80.0%
Fully support and champion ADEQ's mission	99.9% availability of critical services from 7:00 a.m. to 5:00 p.m.	99.9%	99.7%	99.9%	99.9%
Support environmentally responsible economic growth	Customer satisfaction rating for citizens (scale of 1-8).	7.7	8.0	7.8	7.8
Support environmentally responsible economic growth	Triple participation in voluntary stewardship programs over 5 years. Measured as a cumulative percentage in each fiscal year during the planning horizon. FY15 baseline. †††	N/A	0	10	20
Support environmentally responsible economic growth	Percentage of statutorily set permit timelines met through License Time Frame rule.	99.5%	99.4%	99.5%	99.5%
All Goals	Substantial (75% or better) adherence to Federal Grant Work Plans (CLIFF).	75.0%	100.0%	75.0%	75.0%

† ADEQ revised methodology to more accurately reflect program outputs.

†† Because no budget has been appropriated since 2008, the program has been unable to conduct any work in furtherance of this performance measure.

††† Program has not been launched.



Strategies and Projects

To accomplish the agency's goals as measured by the performance measures, ADEQ developed five strategies to address key challenges we face. These strategies – Deploy Lean, Increase Outreach, Leverage E-technology, Strengthen Core Programs and Unleash Human Potential – have resulted in more than 150 projects since 2012. And although all of those projects are value-added, it would be hyperbole to say that they are all strategic.

The status of existing strategic projects is listed in Table 2, below. Projects labeled as being **ON TRACK** are on path to meet scope, schedule and budget, and includes projects that may have been re-baselined if the re-baseline was documented. Projects that are **BEHIND** are at risk of not meeting scope, schedule or budget, while **OFF TRACK** projects are expected not to succeed unless remedial action is taken.

TABLE 2 – PROGRESS ON EXISTING STRATEGIC PROJECTS

	DIVISION	PROJECT	STRATEGY	GOAL	STATUS	COMMENTS
MUST-DO	ALL	MyDEQ	C	1	ON TRACK	
	AIR	111 (d) Carbon Dioxide Rule Implementation process	D	1	ON TRACK	
	WATER	Safe Drinking Water permanent funding	E	4	OFF TRACK	
	WASTE	UST Financial Assurance stakeholder process	D	3	ON TRACK	
	ALL	Develop career paths for ADEQ staff to enable advancement on either technical or managerial tracks	A	4	ON TRACK	
HIGH PRIORITY	ALL	ADEQ Website Redesign	D	4	ON TRACK	
	AIR	State Implementation Planning (SIP) process improvement	B	2	ON TRACK	
	WASTE	UST to Leaking UST program coordination	E	3	ON TRACK	
	ALL	Voluntary Environmental Stewardship Program (VESP)	D	1	BEHIND	Full program launch in Fall 2014 with a goal to have 10 members in program by April 2015.
	ALL	AZURITE Maintenance Phase 1	C	4	BEHIND	Need to install necessary server.
	WATER	Conduct emerging contaminants stakeholder process	D	2	BEHIND	Report is due in Fall 2014.
	WATER	Permits service family evaluation – leverage lessons learned from Title V and APP process improvements across all WQD permits	B	1	BEHIND	Auditing implementation in AZPDES.
	ALL	Multimedia Permit pre-application meeting	D	1	OFF TRACK	Need to assign a new project manager and re-baseline for FY15; holds potential impact for multiple PMs.
	ALL	Conduct an employee skills inventory and deploy a tool for cross-training	A	4	OFF TRACK	Human Potential Office project managers to be determined; will develop standard work for data gathering. Estimated completion on March 2015.
PRIORITY	ALL	Develop and implement a relevant technical training program for staff	A	4	NOT STARTED	
	ALL	Implement ADEQ Continuous Improvement Tracker	B	4	COMPLETE	
	ALL	Conduct Fundamentals of Process Improvement training for select ADEQ staff	B	4	COMPLETE	
	ALL	Customer Satisfaction Survey	D	4	COMPLETE	
	ALL	Develop a revenue, invoice, and collection system (RICS)	C	4	COMPLETE	
	ALL	Deploy Sharepoint 2013	C	4	COMPLETE	
	ALL	Simplified continuity of operations plan consistent with statewide direction	E	4	COMPLETE	
	WASTE	VRP process improvements	B	3	COMPLETE	
	WATER	Total Maximum Daily Load (TMDL) process improvement	B	4	COMPLETE	
	WATER	Transition Permit Compliance System (PCS) to the Integrated Compliance Information System (ICIS)	C	4	COMPLETE	
	ALL	Renew ADEQ Annual Report	D	4	ON TRACK	
	ALL	ADEQ Flag Program	D	4	ON TRACK	
	AIR	Permits service family evaluation – leverage lessons learned from Title V and APP process improvements across all AQD permits	B	1	ON TRACK	
	WASTE	WQARF process improvement	B	3	ON TRACK	
	WATER	Financial Assurance process improvement	B	4	ON TRACK	
	WATER	Cost estimating process improvement (for Financial Assurance)	B	4	ON TRACK	

GOALS: 1 – Support environmentally responsible economic growth 2 – Enhance Arizona's unique environment 3 – Accelerate cleanups 4 – Fully support and champion ADEQ's mission

STRATEGIES: A – Unleash Human Potential B – Deploy Lean C – Leverage E-technology D – Increase Outreach E – Strengthen Core Programs



TABLE 2 (CONT.) – PROGRESS ON EXISTING STRATEGIC PROJECTS

	DIVISION	PROJECT	STRATEGY	GOAL	STATUS	COMMENTS
PRIORITY	ALL	Compliance and Enforcement process improvement	B	1	BEHIND	Need to document the revised processes
	ALL	RFP Kaizen	B	4	BEHIND	Re-scoped project to focus on most important tasks: Direct releases, Task Assignments, Task Assignment Amendments, Training
	ALL	Regional Workshops	D	4	BEHIND	Needs to be re-baselined for FY15; holds potential impact for multiple PMs.
	ALL	Prepare 5-year technology roadmap	C	4	BEHIND	Currently on hold due to other priorities. Project needs to be re-baselined.
	WATER	Implement SB 1280 requirements for municipal stormwater programs	E	2	BEHIND	New staff transferred from APP to lead this effort. Ready to begin stakeholder process to develop small MS4 GP in August 2014.
	ALL	Public records request process improvement	B	4	COMPLETE	
	ALL	Conduct Staff Workouts to identify opportunities to increase value and eliminate waste in ADEQ processes	B	4	COMPLETE	
	ALL	Deploy ADEQ-Board project	B	4	COMPLETE	
	ALL	Presentation Repository	D	4	COMPLETE	
	ALL	Outreach Calendar	D	4	COMPLETE	
	ALL	Top 10 Violations	D	4	COMPLETE	
	ALL	NOC Initiative	B	1	COMPLETE	
	ALL	Repair and upgrade Water Compliance Tracking (WCT) module	C	4	COMPLETE	
	ALL	Hardware and software refresh	C	4	COMPLETE	
	ALL	Deploy tool to track employees work time and tasks (Time Tracking)	C	4	COMPLETE	
	AIR	PM10 Exceptional Events – 5% Plan (2010-2012)	B	2	COMPLETE	
	AIR	Field issued inspection reports & NOCs – Phase 1	B	4	COMPLETE	
	AIR	Stack Test process improvement	B	2	COMPLETE	
	AIR	Gas Cap Distribution Program implementation	B	2	COMPLETE	
	AIR	“Don’t Burn Wood On A No Burn Day” campaign	D	2	COMPLETE	
	AIR	New VEI contract implementation	E	4	COMPLETE	
	AIR	Continuous monitor network upgrade	E	4	COMPLETE	
	AIR	Air Vision implementation	C	4	COMPLETE	
	WASTE	Conduct stakeholder process to redevelop ADEQ recycling program	D	4	COMPLETE	
	WASTE	Enhance Pollution Prevention program	E	2	COMPLETE	
	WASTE	Renew ADEQ recycling program support and funding	E	4	COMPLETE	
	ALL	Compliance checklist	B	4	ON TRACK	
	ALL	Best Value Contracting	B	4	ON TRACK	
	AIR	Title V permitting process improvement	B	1	ON TRACK	
	AIR	QAPP/SOP project	E	4	ON TRACK	
	WASTE	Identify long-term UST funding	E	3	ON TRACK	
	AIR	Pinal county PM 10 State Implementation Planning (SIP)	D	2	BEHIND	Making technical corrections to county’s emissions inventory and drafting proposed rules.

GOALS: 1 – Support environmentally responsible economic growth 2 – Enhance Arizona’s unique environment 3 – Accelerate cleanups 4 – Fully support and champion ADEQ’s mission

STRATEGIES: A – Unleash Human Potential B – Deploy Lean C – Leverage E-technology D – Increase Outreach E – Strengthen Core Programs

What's Ahead

As presented in Table 2, a number of priority projects are underway and as new needs have become apparent, we also are planning a few new projects (see Table 3 on page 16.) While no one works on every project, the sheer length of the list can appear overwhelming to some. In an effort to clarify and assist staff and managers at all levels in managing workload priorities, ADEQ's executive team provided guidance as shown here:

Managing Workload Priorities

1. Core mission-related work; e.g., conducting inspections, issuing permits
2. Billing processes; e.g., accounts payable and receivable
3. Existing and new strategic projects

A few notable projects are discussed below.

Power Plant CO₂ Emissions Standards

EPA has proposed rules under Section 111(d) of the Clean Air Act requiring states to develop plans by June 2016 for reducing carbon dioxide (CO₂) emissions from existing fossil fuel power plants. As proposed, every State must achieve certain interim emission reduction goals between 2020 and 2029, and a final goal for 2030 and beyond. The goal that EPA has proposed for Arizona is the second highest in the nation. With EPA intending to finalize its rules by June 2, 2015, ADEQ is working aggressively in collaboration with stakeholders to develop: 1) comments on EPA's goals for Arizona, 2) optional compliance strategies for the finalized rules, and 3) an achievable plan that will provide Arizona long-term certainty regarding air pollution regulations for power generation, thus ensuring that future economic growth can be sustained in an environmentally responsible way.



The Springerville Generating Station in Springerville, Arizona will be one of many affected by EPA's proposed CO₂ emissions standards.

UST/LUST Program Overhaul

ADEQ will apply Lean techniques and tools in evaluating its Underground Storage Tank (UST) and Leaking Underground Storage Tank (LUST) programs. Both programs are critical to ADEQ's mission as the agency strives to accelerate its cleanup actions. Over time the programs' alignment and operational requirements have become unclear to both internal staff and the regulated community. A full program review will ensure the UST/LUST programs meet all statutory and rule requirements with efficiently and clearly defined roles and responsibilities.



The former Melrose gas station underground storage tank at 7th Ave. and Melrose St. in Phoenix was excavated in April. Statewide cleanups like these have been accelerated and the underground storage tank program will be overhauled in FY2015.

Safe Drinking Water Program Funding

ADEQ will seek legislative authority to establish reasonable, sustainable fees to carry out its Safe Drinking Water program, which ensures the delivery of safe drinking water to more than 1,500 public water systems serving over 6 million people throughout Arizona. The program prevents, detects and corrects possible contamination of drinking water systems or sources, such as rivers, lakes, reservoirs and groundwater. State-funded support for the program ended in 2010 when ADEQ adopted a fee-based funding system. Current funding, via federal grants and other outside sources, is unpredictable and non-sustainable. Failure to establish consistent program funding through fees could limit ADEQ's ability to implement Safe Drinking Water Act requirements, thus jeopardizing the quality and safety of Arizona's drinking water systems. This, in turn, could result in the EPA taking control of the Arizona program.

ADEQ Lean Management System

ADEQ continues its Lean transformation with the rollout of a management system that reinforces the lasting cultural change the agency desires. Our approach will capitalize on the considerable progress that has already occurred, such as adopting The ADEQ Way, deploying standard work and visual management tools, and unleashing the agency’s human potential through our staff development and performance management processes. Becoming Lean is helping ADEQ get better and faster at doing more environmental good, but projects alone are not sufficient for a sustainable shift in agency culture. The system, as shown in Figure 5, is people-centered, and includes the necessary components that will solidify our transformation.

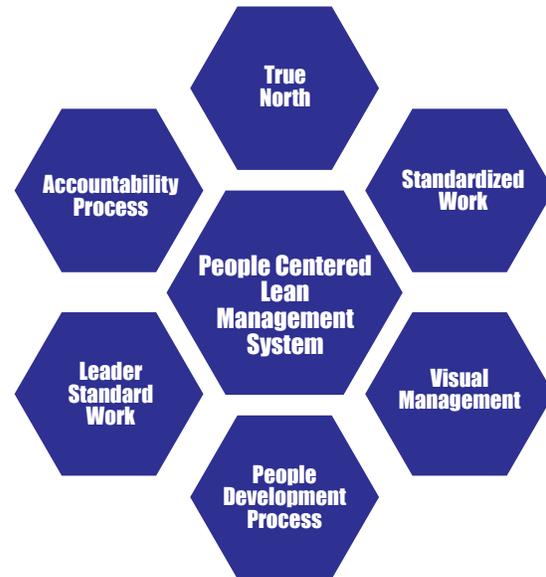


Fig. 5 – A diagram of the people-centered Lean Management System that ADEQ is beginning to deploy. This system was developed by the Murlu Group, which is contracted with ADEQ to deploy it.

TABLE 3 – NEW STRATEGIC PROJECTS

	DIVISION		APPLICABLE STRATEGY	AFFECTED GOAL
MUST-DO	WASTE	UST/LUST Program Overhaul	Strengthen Core Program	Accelerate cleanups
	ALL	BREAZ Implementation	Strengthen Core Program	Fully support and champion ADEQ's mission
	ALL	Pay-for-Performance Compensation Plan	Unleash Human Potential	Fully support and champion ADEQ's mission
HIGH PRIORITY	ALL	Lean Management System	Deploy Lean	Fully support and champion ADEQ's mission
	ALL	Manager Development	Unleash Human Potential	Fully support and champion ADEQ's mission
	ALL	Financial Data Warehouse	Strengthen Core Programs	Fully support and champion ADEQ's mission
	ALL	360-degree Manager Reviews	Unleash Human Potential	Fully support and champion ADEQ's mission

Resource Assumptions

The resource assumptions required to support this Strategic Plan are shown in Table 4. 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 2015 Appropriation	FY2016 Budget Request or Estimate	FY2017 ESTIMATE	FY2018 ESTIMATE	FY2019 ESTIMATE
Full-time-equivalent (FTE) Positions	612.5	612.5	612.5	612.5	612.5
General Fund*	7,000.0	15,000.0	15,000.0	15,000.0	15,000.0
Other Appropriated Fund	69,241.8	75,158.6	75,158.6	75,158.6	75,158.6
Non-Appropriated Funds	37,822.0	37,822.0	37,822.0	37,822.0	37,822.0
Federal Funds	15,204.2	15,204.2	15,204.2	15,204.2	15,204.2
Total Agency Funds	129,268.0	143,184.8	143,184.8	143,184.8	143,184.8

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

The Agency receives the CIT transfer as General Fund and transfers it out to WQARF.

Notes:

Excluding FTE's, numbers are in thousands rounded to hundreds.

Other Appropriated Funds, FY 2016-2019, includes a request for \$5 million for the MyDEQ Portal and \$916.8 for Recycling Grants.



ADEQWAY

- Evaluate everything we do for its impact on the mission.
- Hire only those who believe in our way and have a passion for their work.
- Train those who cannot, replace those who will not, and promote those who excel.
- Never hide a problem – respect others enough to be honest, even if the truth is uncomfortable.
- Do not blame, but hold each other accountable.
- Involve end users early and often when creating or improving services.
- Never stop asking why.
- Continuously design and redesign for quality and radical simplicity.
- Freely discuss, promptly decide, and totally commit.
- Do not fear failure.

“We boldly exhibit these habits for all the world to see, knowing full well we have only just begun to transform ourselves and our agency culture. We will do more environmental good with the time we have, for even if we fail, our fellow citizens and Arizona’s environment will be better off because we tried.”

*Henry Darwin,
Director*



